

## Interview with Robert B. Morley

Association for Diplomatic Studies and Training Foreign Affairs Oral History Project

ROBERT B. MORLEY

Interviewed by: Charles Stuart Kennedy

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Q: Today is the first of July 1997. This is an interview with Robert B. Morley. This is being done on behalf of The Association for Diplomatic Studies and Training. I'm Charles Stuart Kennedy. Why don't we start kind of at the beginning? Could you tell me where and when you were born and something about your family?

MORLEY: I was born in Massachusetts on March 7, 1935, during the Depression. I had two brothers, Dick, born in 1932 and Jim in 1936. Our father, like millions of his peers, was unemployed for long periods of time. As a result, my mother, siblings and I spent three or four years living on my grandparents' farm in Bolton, Massachusetts. I attended first grade in a small rural school in Bolton, and finished elementary school in New York City during World War II. I have clear memories from the war period the rationing, the shortages, my cousin being wounded in the fighting in France, collecting scrap metal and paper, and buying war stamps and pasting them into a book that, when full, could be exchanged for a War Bond. We moved to Highland Park, New Jersey in 1945, where I completed junior high school and high school.

*Q: We're going to go back a bit. You moved to New York when you were about how old?*

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MORLEY: Our family moved to New York in 1941. I was six years old.

*Q: Were you going to public school?*

MORLEY: Yes, P.S. 70 in Queens, New York.

*Q: How did you find it?*

MORLEY: New York was a major change from what I knew. We moved from a four-bedroom house without indoor plumbing to a four-room apartment infested with roaches but with an indoor toilet. I transferred from a three-room rural school that had six grades and a total enrollment of about 50-60 students to a New York City school, where they had probably six classes in each grade and a total enrollment of maybe 1000 students. It was, for a youngster out of rural Massachusetts, a real shock.

*Q: What was your father doing by this time?*

MORLEY: While we were living in Massachusetts, my father was enrolled in a vocational school. By the time we moved to New York City, he had finished training and become a skilled machinist. He had learned to operate all sorts of metalworking equipment.. When the economy picked up during World War II, he had no problems finding employment as a machinist and worked his way up to foreman by the end of the war. He worked for a company called Ford Instrument. In July of 1945, he found a job as a foreman at the John Waldron Corporation in Highland Park, New Jersey. So we moved to that town.

He did well in his new job, eventually becoming the general manager of a factory that produced couplings, gears, and various types of specialized machinery. My parents bought a modest new house, the first they had ever owned, and spent the next twenty years there. My father could afford a new car for the first time in his married life. He became involved in politics, rising to the position of County Chairman of the Middlesex County Republican Party.

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Prior to our move to Highland Park, our family was not well off. Even when my father had regular employment, my parents were constantly reminding me and my siblings that money was short, that we could not afford what other families had. For example, I do not remember eating in a restaurant until I was in high school, except for a few occasions when my grandmother was treating us. I remember getting my first bicycle when I was about eight years old. It was not new, but given to me by a cousin who had outgrown it. I remember having only one set of "school clothes."

Q: While you were going through the school system in New York and then in New Jersey, were you getting any feeling about the world beyond New York and New Jersey?

MORLEY: To a certain extent, yes. My dad enjoyed following current affairs. He habitually read three newspapers a day. I remember because I was often the one chosen to go to the corner store and buy them. He also subscribed to a number of magazines and spent scarce money on encyclopedias and an unabridged dictionary. He encouraged us to read books, magazines and newspapers.

During World War II, my father hung a map of the world in our bedroom. He used to use it to help explain to us what was happening in the world, especially war news. I especially remember him pinning flags on the map as the war progressed. So, yes, I knew what was happening in so far as a seven- or eight-year old boy could know what was happening.

Q: *What about as you moved up towards junior high and high school? What were your reading habits, hobbies, and interests?*

MORLEY: I was an omnivorous reader. I read almost everything, including comic books, adventure stories by Jack London, the Tom Swift series, just about anything that I had access to. I always liked to read history. I especially enjoyed United States history. I sang in a church choir for several years and was active in the Boy Scouts. In school, I was a member of a club that provided lighting for school plays, ran projectors in classrooms

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and set up audio equipment for special events. Although I ran the half-mile, I was not a particularly gifted athlete.

*Q: Where did you go to high school?*

MORLEY: I went to the public high school in Highland Park, New Jersey.

*Q: How about that? Looking toward your later career in international affairs, were you getting any particular feel or interest in international affairs then?*

MORLEY: As I said, I was a student of history, but during my high school years, I had given no thought to pursuing a career in international affairs. That didn't happen until after I went to college.

*Q: At Highland Park, were there many foreigners there?*

MORLEY: No, it was composed mostly of white students born in the United States in middle class families.

*Q: You graduated from high school when?*

MORLEY: I graduated from high school in 1952. I moved on to Rutgers University, where I enrolled as a student in their School of Engineering. I had no idea what engineering was, but my brother had gone to MIT to study engineering, and my father had urged me to do the same. That was a major mistake. Engineering, I found out almost immediately, wasn't for me. As a result, I skipped classes, rarely did required reading, and dropped out of school after one year. After working for a local Ford agency for about six months, I went to a small school in Iowa, Central College.

*Q: What would take somebody from New Jersey to go to Central College in Iowa?*

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MORLEY: Because I wanted a change of scenery, and because the school was willing to take a chance with a person who had done poorly during his freshman year at Rutgers.

*Q: How did you hear about this?*

MORLEY: I heard about Central from a friend who had gone there. Also, it was a school affiliated with a church that I occasionally attended in Highland Park and which sponsored our Boy Scout troop.

*Q: What church was it?*

MORLEY: The Reformed Church in America. It's a Protestant Calvinist religion. They have several colleges around the country and one of them was Central.

*Q: Tell me a bit about life there and studies at Central College. This would be during the mid-'50s.*

MORLEY: It was a small school in a small Iowan town, Pella. At the time, I think they had an enrollment of between four and five hundred. Things that stand out in my mind are gravel roads, except for the main state arteries, a very sparse population (especially when compared to New York and New Jersey), mostly farmland where corn was the main crop, lots of livestock, and so on. If you wanted to get a feel for how I perceived life in Iowa during that period, see the movie "Bridges of Madison County." It gives you an idea of how people lived there and what the place looked like. The nearest large town to us was Des Moines. That was about 60 miles away. It didn't have a lot of impact. We only went up there on weekends.

*Q: Is that where you became interested in a career in international relations? I would have thought this would be about as far away as you could come from any foreign affairs influence.*

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MORLEY: I'm not sure that that's a correct assumption or a correct conclusion to draw. The school had a very active program in international affairs. We sponsored and participated in mock UN meetings. We had a lively international affairs group - not a debate association, but a club that organized the school's participation in world affairs events throughout the state. We sponsored quiz panels that would answer questions on current affairs, and brought speakers to campus, especially during the 1956 Presidential campaign. So, we had a very active international affairs program. The school now, for example, has study abroad programs in England, France, Spain, and Mexico.

*Q: Was there a missionary influence there?*

MORLEY: Not really, although we were required to attend chapel five days a week. Professors presented a range of views on social, political and other issues. While the school had an active program for preparing students for a life in the ministry, they also had a pre-med program, a relatively large teacher-training program, and a strong focus on history and liberal arts generally.

For me, it was a place where I was very comfortable. In this small Iowa college I learned that there was a Foreign Service, what the Foreign Service did, and how it served U.S. interests. I was immediately interested.

*Q: Did you ever run across any Foreign Service officers, retired ones, or not, during this period?*

MORLEY: In the college?

*Q: Yes.*

MORLEY: No, but one of my professors was familiar with the work of the Foreign Service and urged me to consider a Foreign Service career. In part due to his influence I organized and became President of a club that promoted foreign affairs studies.

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*Q: It was called International Relations Club (IRC), wasn't it?*

MORLEY: Yes.

*Q: I don't know if it is today, but it certainly was very active. The United States was beginning to come out of its shell. You graduated in 1957 and then what?*

MORLEY: I went for a year or a year and a half to the University of North Carolina. Then I left North Carolina to get a job teaching. I did not get a master's degree in North Carolina. I was studying international affairs there.

*Q: Were you seeing a different perspective on international affairin North Carolina?*

MORLEY: I think I was disappointed in the University of North Carolina, because it didn't seem to me that they focused much on international affairs. While courses were available on international politics, the emphasis within the Political Science Department was more on the internal U.S. scene and political theory. My faculty advisor was more interested in my reading the works of great English, French and German political philosophers than in reading about U.S. diplomatic history. I became increasingly discouraged and apathetic about my studies. I didn't think that they had the variety of activities in the international relations area that little Central did.

*Q: That's interesting because the University of North Carolina is supposed to be several cuts above the normal southern school, particularly in international relations.*

MORLEY: Well, that may well be today, but it was not my perceptioin 1957.

*Q: Then, you say, you went to teaching.*

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MORLEY: Then I went to teaching. I got a position teaching history, civics and German at Pennington School, a private secondary school near Princeton, New Jersey. It is a boarding school. I stayed there for about three and a half years.

It was a good job for a single person. They helped me financially when I enrolled in the University of Oslo in a special summer course on international affairs, financed the purchase of books for my personal library, and gave me free use of their athletic facilities. I also had lots of free time, with Christmas, spring and summer vacations.

*Q: What type of students were going there?*

MORLEY: I'm not sure I understand the question. They were secondarschool students.

*Q: Were they students pointed towards some university? Some boarding schools in those days almost specialized in either troubled youngsters or very bright youngsters or children whose families were split up.*

MORLEY: Our pitch to parents was that we were geared to help students who were not achieving their potential. So, we had some very bright students who weren't doing very well. But most of our graduates did not go to places like Harvard and Yale. They went to places like Gettysburg College, Dickinson College, and similar schools.

I think that we were able to help students gain admission to better colleges and universities than they would otherwise have. The classes were small. Students got a lot of personal attention. I don't think that in the three and a half years I was there that I ever had a class larger than 10, some as small as four and five. That means I got to know the kids personally. I think we were able to help students achieve higher goals, which is essentially what we said we would do.

*Q: It's an admirable thing, to be able to be a part of such program focusing on our youth, and also what you were doing.*



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MORLEY: It wasn't an Exeter, but it was a good school. We used to say that we didn't offer parents or a student anything more than a good public high school should offer. But very often, public high schools do not do as well as they should.

*Q: Were sort of international events intruding at all while you werthere?*

MORLEY: Yes, I knew by then that I wanted to pursue a career in the Foreign Service. I had taken the Foreign Service Examination for the first time while I was still going to school in Iowa. I passed the written examination. I was called to have my oral examination, but by then, because of the slowness of the process, I had made a commitment to go to graduate school at North Carolina. When I was at North Carolina, I took the written again and passed. I went to the orals. They said, "You're marginal. We think you will be fine if you go out and come back in two or three years. Get some work experience." So, I taught for three years, took the written and the orals, passed them.

*Q: When did you take the orals?*

MORLEY: It depends on which time you're talking about.

*Q: Let's talk about the first time and then the second time.*

MORLEY: After passing the written exam while at UNC, I went to Atlanta for the oral examination. Then I took the written again when I was teaching, and the orals in Washington, DC. I entered the Foreign Service as a result of taking the written exam the third time and the oral exam the second time. One of the examiners told me after the exam that the State Department had just completed a review of the structure and operations of the Foreign Service. The report concluded that the Foreign Service would benefit from recruiting from smaller colleges throughout the country rather than the Ivy League schools that had traditionally been the source of new Officers. So, in a sense I guess I benefited from that.

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*Q: Do you recall the type of questions that were being asked aeither one of the orals?*

MORLEY: Yes. For example, one question was what I thought was the most decisive turning point in the history of Europe. For whatever reason (I don't remember what my rationale was then), I decided to use the Norman conquest of England in 1066. I think it was because I had just finished reading a book on that period of English history and could sound informed. Another question: the President had just become involved in an important labor dispute and the questioner wanted to know the legislative basis for his intervention. I responded "Taft-Hartley" and they said, "No, it's the Railroad Labor Act" or something like that. For some reason, I recall they asked several questions about the Civil War. Why the war was fought, and what were the long-term consequences. But they also asked questions in the sciences and humanities.

*Q: You came in when?*

MORLEY: I actually came into the Foreign Service in September of 1962, three months after I got married. I immediately reported to the Foreign Service Institute and enrolled in the Basic Officers Training Course, the A100 course.

*Q: Where had you met your wife?*

MORLEY: Carolyn was a nurse at the school where I was teaching. Raised on a farm in Salem County, New Jersey, she had trained at the Hospital of the University of Pennsylvania. This was her first job after graduation.

*Q: In September of '62, can you characterize the A100 course?*

MORLEY: We were told our class was the largest A100 class that they had had to date. It included about 65 people. USIA new hires as well as State people participated. There were two chairpersons. One was Chester Beaman. The other was, I think, John Duffield. Between the two of them, they did a reasonably good job. Like a lot of Foreign Service

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Institute training, it was modular. That is to say, people were brought in from outside to do presentations. We had some exercises. For example, we had to watch a film on some subject or other and then we had to write a cable on what we saw - or an airgram as the case may be. But for the most part, it was people talking at us. Once in a while, we did a field trip. We went to Customs. We made one trip to New York to observe the Immigration and Naturalization Service in action. On at least one occasion, we visited large, multilateral corporations. We spent a day at Commerce, another at Agriculture. But for the most part, it was talking heads in the classroom.

The physical setting was not a good one. In those days, the FSI was located in what is today a parking garage in a large apartment building in Rosslyn.

*Q: How about the composition of the class?*

MORLEY: The class included about 16 or 17 USIA recruits, but most were new State hires. I think we had about 12 or 13 women in the class, probably half of whom were going to USIA. I don't recall whether we had any blacks or other minorities.

*Q: In September of '62, you got there just in time for the MissilCrisis.*

MORLEY: It wasn't planned that way. In July of 1962, I had been told by the State Department that I should not expect to be taken in for about six months, perhaps as late as the spring of 1963. So I began looking for other jobs. I had a summer job with the Post Office, but needed permanent employment. Then the State Department called me in August and asked whether I could report the day after Labor Day. We agreed.

So yes, we were in Washington during the Missile Crisis. I remember being glued to the television set whenever I had the opportunity. We were watching President Kennedy brief the nation every day or so. We were still in Washington when my first son, Tim, was born in Columbia Women's Hospital in Washington.

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*Q: Were you picking up any emanations from the State Department at that point?*

MORLEY: About the missile crisis? No, we were insulated from the State Department in terms of active diplomacy. We were in a course that was carefully structured and we weren't involved or kept apprised of what was happening with respect to Cuba and the Soviet Union. We were as informed, or uninformed, as anyone else.

*Q: Was your class at all responding to the Kennedy aura of "Ask not what your country can do for you; ask what you can do for your country" or had that worn off by the time you entered?*

MORLEY: No, it had not worn off by then. We had several people who had made that a factor in their decision to join the Foreign Service. The Kennedy aura of serving country, etc., was important to a number of them. But it was not true in my case. I had been interested in a diplomatic career for personal reasons since my college days.

*Q: Come the end of the course and all, where did you want to go and what happened?*

MORLEY: At the end of the A100 course, we took three or four weeks of consular training. Then most of us were assigned language training. At the end of A100, I had been told I would be going to Vienna after completion of German language. I came in with a 2/2+ proficiency in German. They were just going to top it off and send me to Vienna. About half way through the German course, I got word that the ambassador had decided that he had enough junior officer trainees and asked if I could be placed elsewhere. Personnel called me and said essentially, "Where do you want to go?" I said, "What have you got?" They said, "We've got openings in both Stockholm and Oslo." I had been to Oslo before. As I said earlier, I had already spent a summer in Norway at the University of Oslo, so I went to Oslo.

*Q: You were in Oslo from when to when?*

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MORLEY: I was in Oslo as a junior officer from March of 1963 to the spring of '65.

*Q: What was the situation in Norway when you got there in '63?*

MORLEY: Norway was a poor country, especially by Western European standards. North Sea oil had not yet been discovered. They were the poorest of the four major Scandinavian countries. Norway and Norwegians made their living, earned their foreign exchange for the most part from shipping, whaling and fisheries. Although Norway was a member of NATO, the government would not permit foreign troops to be stationed permanently on their soil. They allowed foreign troops to participate in exercises in Norway, and NATO's Northern Command Headquarters was located just outside Oslo. The Labor government was dominant. It had a socialist outlook. It had been dominant in Norwegian politics since about 1945 when Norway was liberated. Toward the end of my tour there, a conservative coalition came to power, but I was not there long enough to be able to see the results of that. This development shocked many Norwegians.

*Q: Who was our ambassador when you were there?*

MORLEY: Clifford Wharton was the ambassador when I arrived. After about one year, he left and was replaced by Margaret Joy Tibbetts.

*Q: How did Ambassador Tibbetts operate from your perspective?*

MORLEY: I liked her. I remember some of the old timers, people who had been in the Foreign Service for some time, expressing concern about the appointment of a woman ambassador. I recall long discussions among section heads and so on about how to deal with this phenomenon. They didn't know what to call her: "Madame Ambassador," "Miss Ambassador," or perhaps something else. I remember suggesting in a staff meeting that they asked her for her preference when she arrived.

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The staff was also concerned about how she would be received by the Norwegian authorities. But there was no problem on that score.

She was, I think, a good influence on me. She encouraged me to do creative work. She encouraged me to pursue a career in the economic area, which I did. I spent a good deal of my career doing that. I liked her and she did a good job.

*Q: How about Clifford Wharton?*

MORLEY: Clifford Wharton was a different kind of person altogether. He was one of a very few black ambassadors in our service. From my perspective, he was aloof and distant. I rarely had any contact with him. I remember one time when Carolyn and I were making the required formal call on the Ambassador at his residence. I was surprised to find he wasn't even there when we arrived. We were warned that that might happen, and that if it did we should leave our cards and go home. We did that.

He was a man who, I thought, jumped to conclusions fairly quickly and didn't consult much with his staff. He tended to make up his mind and tell people how to play things instead of getting input before he made his decision.

*Q: What type of work were you doing?*

MORLEY: I was in what they called the rotational program. In theory, I was supposed to spend six months in each of the major Embassy sections: Administrative, Political, Economic and Consular. In reality, I spent every summer doing visa work. During my two years in Oslo, I spent about six weeks in political work, about six weeks in administrative work, and about a year in economic work. I spent most of my time in the economic sector working for John Mellor and Douglas Ballantine, the two economic counselors.

One of the high points of my Norwegian experience was the birth of my second son, David, in June of 1964.

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*Q: What was your impression of the Norwegian government?*

MORLEY: In terms of my personal relations with them?

*Q: Also their competence.*

MORLEY: I thought that they were reasonably competent, but inwardly oriented. For the most part, the Norwegian government delivered the services to its people that it should and was obligated to. It was efficient. It was relatively honest. It was in need of a change when I was there. The Labor Party had run Norwegian politics almost continuously since World War II except for a brief period when there was a coalition. They were getting complacent. At the end of my tour there, a conservative coalition replaced Labor.

In terms of foreign affairs, the GON was friendly with the United States and most European countries. The major exception was Germany. Norway had been occupied by the German Army during World War II, and many Norwegians had served time in detention camps. This was bound to affect relations with Germany. Norwegian relations with the Soviet Union were cool but correct. Norway was the only NATO country that had a common border with the USSR. The government had two conflicting objectives, both of which served the national interest. The first was membership in NATO, the second was to avoid offending Moscow.

In terms of my personal access, as a junior officer, I didn't have a lot. When I did make a call, someone more senior than I usually accompanied me. But the Norwegians I dealt with were reasonably forthcoming and helpful. I did some pieces on Norwegian foreign trade and the shipping industry and make contacts on an ad hoc basis to do that. But my work in the Economic Section focused on special projects like a shipping report or a survey of the whaling industry, rather than something that needed continuing attention, like Norway's economic ties to the Common Market. In the Political Section, I worked on bio files. In the Consular Section, I did NIVs. While in Admin, I was a gofer in the General Services Office.

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Q: Returning to an earlier comment you made, what was your impression of how the Norwegians viewed the Soviets at that time?

MORLEY: The Norwegians did not want to irritate the Soviets. They were very nervous about official Americans going up to North Cape where the Norwegians had a common border with the then Soviet Union. In fact, we had to get special permission to go into that area, and casual visits were discouraged. Norway was a member of NATO, but did not permit any foreign troops stationed permanently on their soil, as I said earlier. Although they did permit exercises with foreign troops on Norwegian soil, they were reluctant to allow such exercises in the border area. So, their relations with the then Soviet Union would probably be best characterized as a very cautious approach. They wanted to be a part of NATO. They felt it would be in their national interests to be a part of NATO. At the same time, they did not want to do anything to irritate or alienate the Soviets.

In that sense, all four of the Scandinavian countries had a very different approach to NATO and to the Soviet Union. Finland, of course, was very heavily influenced by Moscow. Sweden was determinedly neutral. Norway and Denmark were NATO members.

Q: *From your perspective, what was the Norwegian relationship with Sweden?*

MORLEY: Officially, the relationship was a very good one. But many Norwegians seemed to dislike Sweden. Sweden at that time was a richer country than Norway, so envy may have been a factor in popular attitudes toward Sweden. There were also historical reasons underlying Norwegian attitudes. At various times, engaged in military conflict. At one time, Norway had been a part of Sweden.

Many Norwegians generally did not like Swedes and said so plainly. Newspapers often displayed anti-Sweden prejudices in their reporting. But officially, the relations were good. Officially, they cooperated. For example, if Sweden had an embassy in Kuala Lumpur, they would handle Norwegian consular affairs and make representations on behalf of



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Norwegian commercial enterprises and so on. The Norwegians would do that in some other country.

*Q: How were Americans received?*

MORLEY: Very well. The Norwegians liked the United States and Americans. Historically, we've had no major disputes with the Norwegians. Almost every Norwegian family at the time had relatives who were resident in the United States. Norwegians used to tell me that there were more Norwegians living in the United States than in Norway. So, there were a lot of historical and cultural ties to the United States and there was very little on the downside.

On an official level, Norway was a member of NATO. They cooperated in the Marshall Plan. They were generally supportive of U.S. policy, with one major exception. The major irritant in our relationship while I was there was Vietnam. By late 1964, early 1965, Vietnam was heating up and it became a political issue in Norway.

*Q: And there were demonstrations in front of the U.S. embassy and critical articles in the press about our policy in Vietnam?*

MORLEY: Yes. I recall having to pass through lines of demonstrators to enter the Embassy. The Norwegians would politely move aside to allow me to pass, and then close ranks again to resume their activities. But Vietnam was an irritant that didn't really affect our overall relationship - not while I was there.

*Q: You touched on Germany earlier. What was the feeling towards Germany that you got? Norway had been occupied by German forces during the war.*

MORLEY: Many Norwegians made plain their hostility toward Germany. This affected bilateral relations between the two countries. I recall hearing that most senior members of the Norwegian government had spent time in German detention camps during the war.

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And since the war had ended less than twenty years earlier, memories were fresh. I had a friend who was stationed in Bonn. He was in my A100 class, and came up to visit us. He was driving a German car with German license plates. They were diplomatic plates, but they were German license plates. He had a lot of trouble. People would make snide remarks at him. He was refused accommodations in hotels because he was living in Bonn and traveling in a car with German license plates. So, there was a lot of resentment, primarily growing out of the war experience.

Having said that, I recall Norway's strongest commercial ties were with what was then the Federal Republic of Germany. They imported consumer goods, machinery and a wide range of raw and semi-finished goods from Germany. They had a major trade deficit with Germany. Their second trading partner was the UK and the third was the United States. Major exports included ships, shipping services, and fish. At the time, they claimed they had the second largest merchant fleet in the world. Norwegians would often tell me that one in every three Norwegian youths went to sea sometime during their lives.

*Q: What was the social life there?*

MORLEY: Not very good. The Norwegians officially were very accommodating, very polite. We would be invited to official events. But I never got to know the people in our neighborhood, for example. Many Norwegians living in Oslo came from small towns in the interior. Their attitude was similar to that of maybe a small New England town. If you had just arrived, you weren't part of the neighborhood.

I recall one incident where a neighbor woman locked herself out of her house. She asked me to use a ladder to enter the house via a second story window and unlock the door for her. I did so. Subsequently, when I saw her on the street, she barely acknowledged me. We were certainly never invited to her home or that of any other family in the neighborhood.

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I had good official contacts and friendly contacts within the Norwegian government to the extent that I needed them. They were forthcoming. But most of our social contacts were in other embassies and with Americans. There was a large NATO element outside of town at Kolsas, which was staffed mostly by military staff people from various NATO countries (no combat troops). We got to know some people out there as well.

*Q: You left there in 1965. Where did you go?*

MORLEY: From Norway, we went to Barbados.

*Q: Quite a change.*

MORLEY: Yes. The Foreign Service had not yet developed a formal bidding process. So the assignment was a complete surprise. We arrived in June of 1965. I was assigned as head of the Consular Section. Barbados at the time was a dependency of the United Kingdom. Our office was a Consulate General. Our American staff included the Consul General, George Dolgin, two consular officers, an administrative officer, a "utility infielder" that handled a wide range of responsibilities, and a communicator. So, it was a very small post. We depended greatly on support from a U.S. Navy base located at the north end of the island. Barbados was an excellent assignment for a family with young children. Two of our children, Karen and Dennis, were born on the island.

*Q: What was the main function of the Consulate General there?*

MORLEY: We were primarily a consular post. We issued a lot of non-immigrant visas (NIVs) and immigrant visas (IVs). In addition, during the tourist season, protection and welfare were major concerns. Later, when Barbados began to make preparations for independence, we got very busy with non-consular issues. This included increased substantive reporting on political and economic life in Barbados, making arrangements for the arrival of a high-level delegation to participate in independence ceremonies, and

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preparations for conversion of our office from a Consulate General to an Embassy. The official delegation was larger than the entire American staff at the Consulate.

We spent a lot of time dealing with both the Barbadians and the British on these issues, and preparing inputs for the briefing books for the U.S. delegation. There was a lot to do for our small staff, especially if we had to continue operating our consular section at its usual pace.

The Consulate General had had regional responsibilities throughout the Eastern Caribbean. Our new embassy was supposed to continue these responsibilities. This was to continue when we became an Embassy. Washington seemed nervous about the region's vulnerability to Cuban and Soviet influence as the British withdrew. So our staff expanded to include AID and USIS people, and we had to move to new quarters. One thing we were spare Washington did not get around to appointing a new Ambassador until well after I left. Eileen Donovan was our first Ambassador. She had served earlier as Consul General in Barbados.

*Q: Let's go back to the consular side.*

MORLEY: We had consular responsibility for nine island governments, all of which were dependencies of the British. We were responsible for the entire area from Grenada in the south to the British Virgin Islands in the north, including Grenada, St. Vincent, St. Lucia, Antigua, Barbados, Montserrat, St. Kitts, Nevis and Anguilla, and the British Virgin Islands. People from all of these territories came to us for visas. Each dependency was entitled to 200 quota immigrant visas a year and whoever could qualify for non-quota - that is, next of kin of American citizens or other preferential status. So, we were issuing on the order of about 2,500 to 3,000 IVs a year. We also had a brisk NIV business. When Barbados became independent, it became a more complicated mixture. Barbados, being independent, was eligible for its own quota within the Western Hemisphere category, as opposed to a 200 sub-quota from the UK quota. So, we had to deal with Barbados as an

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independent country with its own quota, and the other countries as dependencies of the UK. We had a lot of work to do on the other islands both before and after independence. Either I or my consular colleague would make a trip to the other islands about every six months.

*Q: I would assume that there must have been quite a few refusals, weren't there?*

MORLEY: There were quite a few refusals. Fraudulent documents were a major problem. We found that, not so much in Barbados, but in some of the other island governments, there was corruption. An applicant could get a good behavior certificate from the police when, in fact, the person may have been convicted one or more times of a felony - that kind of thing. So, we had a relatively high refusal rate. But I don't remember the exact statistics.

*Q: You were there from '65 until when?*

MORLEY: To '67.

*Q: What about protection and welfare? This was at the height of sort of a wanderlust for a lot of Americans. Marijuana and other things were creeping in. You had displaced youth going around. Did this hit you?*

MORLEY: No. Our major challenges involved deaths of American citizens during the tourist season. Barbados was a very popular vacation spot for Americans. They would start to come down in large numbers around the middle of December and the pace would slow up in the middle of March. I had to get involved in perhaps as many as one or two American citizen deaths a week, notifying next of kind, preserving estates, arranging for shipments of remains, and so on.

In those cases where a man, for example, was traveling with his spouse, it was fairly straightforward. We would just give advice and counsel to the survivor, help them

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with necessary arrangements, and comfort them to the extent they needed it. But in cases where Americans were down in Barbados on their own, the problem was more complicated. We had to ask the Department to contact next of kin, not always an easy task. When the Department was unable to do this quickly, we had to make certain decisions to deal with the immediate situation. We also had to do our best to preserve elements of the deceased's estate, whatever money he or she had, other possessions they had with them, for final disposition. In some cases, it was just personal property. In some cases, it was real property. Americans at that time sometimes owned a place in Barbados to visit every winter or to retire to because they could live on Social Security.

*Q: But you weren't running across what came to be known as the hippie group?*

MORLEY: No, that didn't occur in Barbados during my time. We had heard about it. When I went back to the United States, I was amazed at changes that had taken place. Civil rights protests, anti-Vietnam protests, seemed to occur every day. The "hippie phenomenon" as you called it, was in full blossom. Except for brief visits, I had been absent from the United States from March of 1963 when I went to Norway to when I came back from Barbados in 1967 for Polish language training.

During the period 1967-68, we were living in Alexandria. It seemed that the political stability of our country was threatened. I remember looking out over Washington from my home in Alexandria right after the announcement of the shooting of Martin Luther King. I saw smoke rising over the city as a result of the riots. I went to work the next day and saw National Guard and Army troops guarding all the bridges. I said to myself, "What has happened to this country in the four years that I was gone?"

*Q: It was something.*

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MORLEY: It was an amazing transformation, especially since it all seemed to happen in just a few years. And especially for someone like me, who had been absent while these developments began and the protests became widespread.

Q: I understand the feeling, getting a ride because we were dismissed early when Martin Luther King was assassinated, and to go up through Georgetown and see on Wisconsin Boulevard troops in flack jackets and bayonets. In the distance, you could see the smoke coming up from essentially over near the Capitol.

MORLEY: Up north and east of the Capitol, that's correct. They were burning buildings and rioting and doing whatever. That was a high profile example of what I was talking about. Another example was the Kent State incident. An American soldier shooting a student? I couldn't believe this was happening in the United States.

*Q: You came in 1970. This was later.*

MORLEY: Yes, that came a little later. I came back from Poland in 1970 and that's when I heard about that.

*Q: Let's go back to Barbados. In '66, it became an independent country?*

MORLEY: Yes, it did. The Embassy was established and the staff increased. We expanded our consular section to four Americans. About that same time (toward the end of the summer of 1966), I was transferred to a political/economic position. We got a new Consul to head the Consular Section, Bill Ryerson.

Q: What was the prevailing opinion in, at that time, the consulate general, as Barbados was getting ready to become independent about whether Barbados and all?

MORLEY: Within the embassy, I'm not sure that there was a consensus. Certainly there were some doubts about whether Barbados could make it on its own after literally

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centuries of being a dependency of the UK. During the years prior to independence, Barbados was getting a significant budget subsidy from the UK Treasury every year. This was to continue for a specified period after independence. I don't remember how long it was. But they were to be weaned after a while. They were almost totally dependent on sugar, with growing income from tourism. Most of their sugar went to British Commonwealth countries. Within that category, most of it went to the UK. They were worried about what would happen to sugar exports should the commonwealth system change so that they would lose their protected market in the UK. So, they started to develop the tourist industry in earnest. Our major concern was whether Barbados was viable. Certainly they had democratic roots. They probably had the strongest democratic roots of any of the small island groupings in the eastern Caribbean. Generally, the British did better in this respect or were perceived as doing better in this respect than the French or the Dutch. Barbados reportedly had the oldest parliamentary system in the Western Hemisphere.

*Q: Who was the first leader of Barbados?*

MORLEY: Errol Barrow. He was the head of the Barbados Labour Party.

*Q: What was your impression of him?*

MORLEY: He was quite accessible. I used to drop by and see him in his office after independence while he was Prime Minister. Government headquarters was probably no bigger in its entirety than this building.

*Q: You're talking about FSI.*

MORLEY: This building alone. I used to go by and talk to him. We chatted up. He called me in one time to get some feedback on what was going on, for example, in the Dominican Republic. This was during the period when the United States and other OAS Members intervened in the Dominican Republic. So, I went in and talked to him about that. I think



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our intervention surprised him. He impressed me as being urbane, intelligent, friendly to the United States, and practical-minded. He seemed concerned at the time that we would close our Embassy in Barbados. Perhaps for political reasons, he wanted the diplomatic community in Bridgetown to expand, and a continued US presence was key to that objective. He seemed aware that closing the Embassy had been discussed in Washington. Fortunately, I was able to reassure him that the United States would maintain an Embassy in Barbados, and that the island would become the center of our activities in the Eastern Caribbean.

*Q: Who was our first ambassador to Barbados?*

MORLEY: Eileen Donovan. She had previously been the Consul General in Barbados. George Dolgin replaced her and became Charge after independence. After over a year, Donovan arrived as our first Ambassador.

*Q: How did she operate?*

MORLEY: We overlapped only a few weeks after my arrival. I hardly knew her.

*Q: What was the role of Cuba there? Was there a Cuban problem?*

MORLEY: Cuba and our relationship with Cuba was not an issue in our relationship with Barbados. It hardly ever came up. About a year before I arrived, the UK let the Cuban planes have landing rights in Barbados for refueling purposes. But that had stopped by the time I got there. I didn't detect any residue of ill feeling over that. But we made periodic demarches to the Barbadian Government, as instructed, to resist any increase in the Cuban presence on the island, and warned of the dangers of a close relationship with the Castro Government.

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Q: We were going through a rather difficult and transitional time in the United States on civil rights, with integrating the country, particularly during this period. How did this play in Barbados, or did it?

MORLEY: It didn't have a large impact. About the time I arrived there, it had become public that Barbados was going to be independent within a year. Basically, most people's attention focused on the preparations for independence and what Barbados was going to be like after independence, what its relationship with the UK would be, how this would change its business practices, how this would affect its relationship with the United States, and so on. There wasn't much play on the racial problems of the United States in the local press or in my conversations with Barbadians.

*Q: What was your impression of the last year of British rule there?*

MORLEY: The British seemed to be in a hurry to get out, no question. For years, there had been a very low official British profile on the island. There was the Governor, with a very small British staff, a small British consular office, and not much else. Barbados had received substantial budgetary support from London over the years, and the UK had provided technical support in various areas, including medical services, agriculture, transportation and public services. The British had also funded or helped fund the construction of a new hospital, airport and deep-water harbor.

*Q: Had the British done well with Barbados, do you think?*

MORLEY: The Barbadians were satisfied with the outcome. The negotiations between the Barbadians and the Brits were certainly not characterized by animosity or bitterness or anything like that. The British gave the Barbadians a golden handshake in terms of continued access to their market for sugarcane and continued budgetary supplements for a certain period of time. So, there was certainly no animosity between the two.

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Initially, at least, the Barbadians still looked to the British for guidance in international affairs. Certainly, the British helped them with issues such as admission to the United Nations and other international organizations. The British agreed to represent them all over the world, as they did with other countries. So, there was no ill feeling. The Barbadians felt that they were ready for independence. They wanted no part of a Caribbean federation. They wanted to be independent, but not tied to anybody else. On the other hand, the British wanted an independent Barbados because Barbados and the other eastern Caribbean territories had become a net drain on the British economy. London assumed that the United States would pick up the burden of economic support.

This assumption was correct, but it took longer for Washington to assume its new role than either the UK or the Barbadian Government had assumed. It took serious unrest in Antigua, Anguilla and, to a lesser extent Dominica and Grenada to wake Washington up.

*Q: You left there when?*

MORLEY: In 1967.

*Q: You took Polish.*

MORLEY: Beginning in September of 1967 until about June of 1968, studied Polish.

*Q: Was this on your request?*

MORLEY: Yes. I wanted to go to Warsaw.

*Q: Why?*

MORLEY: I wanted to go to Warsaw because I wanted to make economics my specialty. At that time, Poland was the leader in Eastern Europe in terms of economic reforms. I was interested in that. So, I wanted an assignment to Poland as an economic officer.

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*Q: You took Polish from '67 to '68?*

MORLEY: I took Polish from September of '67 until about May or Junof '68.

*Q: How did you find the course?*

MORLEY: I didn't have a good personal experience. About two months into the course, the linguist quit for personal reasons and was not replaced until the end of the course. So there was nobody seeing what the teachers were doing. The linguist for the Russian language program had nominal responsibility, but paid little attention to us. We had a new teacher and she didn't do very well. I was disappointed. It was a much different experience from my German classes, where I had an experienced teacher and the linguist knew what he was doing.

*Q: Were you picking up anything about Poland during Polish training?*

MORLEY: Yes, but not from the teacher. Every Thursday afternoon, we spent several hours studying Polish culture, history, current events, politics, economy, and so on.

*Q: You served in Warsaw from '68 until when?*

MORLEY: Until 1970.

*Q: What was your job?*

MORLEY: Initially, I was the General Services Officer. I had hoped to go immediately to the Economic Section, but they transferred me there only after I had been in the embassy about 10 or 12 months.

*Q: Often, being general services officer means you get to use your Polish more than in some other jobs because you're dealing with local laborers and what not.*

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MORLEY: That's true, except that most of the key workers spoke excellent English. We employed painters, drapers, carpenters, mechanics, and laborers because they were not available from outside sources. The General Services Office had about 120 locally-hired Polish employees.

Shortly after I got to Poland, the Warsaw Pact invaded Czechoslovakia, with Polish military participation. Poland became a major staging area for that invasion and, within Poland, Warsaw was key because it was a major rail and road hub. That was in August of '68. The Ambassador called the entire American staff together and told us we were not to deal with the Polish government in any respect, talk to any official for any reason without prior permission from the Ambassador himself. He said that he did not expect to allow much contact. So, I had almost no dealings for the entire period of time that I was GSO with local government officials. Nobody did. It was prohibited. That lasted almost a year.

Q: Were you getting any reflection from whatever contacts you had in Warsaw during the invasion of Czechoslovakia about how it was seen by Poles?

MORLEY: I didn't have much contact with the Poles. I had a little bit. The people that I talked to were essentially embassy employees. The opinion that many expressed was that it was the wrong thing to do, that they were worried that the same thing could happen to Poland were developments in Poland go in a direction that the Soviet Union and its Warsaw Pact allies didn't like. So, they thought it was a very bad precedent. The Poles generally had a rather positive attitude toward the United States in part because of the large Polish community in the United States.

The policies of other major NATO countries were similar to ours. The French and the Brits adopted severe constraints on official contacts.

Q: *What did that mean about work? If you don't talk to the government with whom you are dealing...*

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MORLEY: Interaction with the Polish government was reduced to the barest essentials. The Ambassador or DCM conducted essential business, such as it was. No new initiatives were undertaken. On the Admin side, we would use Polish employees to the extent possible for liaison purposes, but we would not go over to a government office ourselves. Verboten.

*Q: How did the Polish government react to all this? They could make you feel even more isolated.*

MORLEY: It certainly made us feel isolated. It was a difficult period to be in Poland. The Polish government, to the best of my knowledge, had the attitude that they did what they had to do, but they had little choice because of Soviet pressures and geography. To get to Czechoslovakia, especially to Prague, Soviet and East German troops pretty much had to go through Poland because of the way that the rail and road networks were laid out.

The Poles understood our position. They understood that we had to signal our displeasure in some way. But this attitude was not targeted specifically toward Poland. It was a region-wide response. Our response was the same in every country that participated in the invasion, including the Soviet Union, Poland, and Hungary.

*Q: You ceased being GSO and went to the Economic Section.*

MORLEY: Yes, I became economic/commercial officer after about a year.

*Q: Was the freeze still on or were you able to do something?*

MORLEY: The freeze was not on 100%. It was gradually being dismantled. But I still had to get permission from the front office to do anything. But permission for me to make approaches to Polish officials was more likely to be granted than for my predecessor earlier in the crisis. So, I was able to make official trips for commercial purposes to

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Gdansk, Gdynia, Szczecin, Lodz, and Krakow on commercial business. I was always accompanied by another Embassy officer.

I was one of the first Embassy officers to travel outside of the immediate environs of Warsaw and Poznan, where we had a consular office. At the time I wondered why someone as junior as I was apparently being given greater latitude than more senior officials. Looking back, I have concluded it was a deliberate decision on the part of the Ambassador. Quick trips by a junior commercial officer, it could be argued, was not really a departure from our “no contact” policy. It was a positive signal on our part, without involving officials in Warsaw. Certainly the prospects for any commercial benefits accruing from these trips were minimal. Poland's economic situation was pretty desperate, and individual enterprises lacked authority to do any substantial buying. Because of chronic hard currency shortages, those decisions were made by high-level officials in Warsaw, people with whom contact was forbidden by the Ambassador.

*Q: Did we have any trade fairs going on?*

MORLEY: Yes, we participated every year in a trade fair in Poznan. The sponsor of our exhibit was the United States Information Agency, not the Department of Commerce. So, we did things along the lines of the kitchen display in Moscow that then-Vice President Nixon made famous because of a conversation with Khrushchev. You remember, the kitchen debate. We tried to use the Poznan fair to impress ordinary Poles with the quality of life in the United States. We made little effort to sell U.S. products and services. It was propaganda-oriented. Frank Shakespeare was the head of USIA. He characterized Eastern Europe as a major Cold War battleground, and did not hesitate to take advantage of every opportunity to score points with the Polish people at the Poznan fair. He did the same in Brno, in Czechoslovakia, and in other Eastern European countries.

*Q: How did this display seem to go over with the Polish citizens?*

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MORLEY: The Polish Government would have preferred that we had a commercial display, but the Poles were glad that we had a presence. If it had to be a presence sponsored by USIS, so be it. Ordinary Poles wanted to see something from the United States. The Polish government was willing to accept a USIA-sponsored exhibit. That's the way it was for several years.

*Q: Did you get any feeling about how the Poles officially and igeneral looked upon the Soviets?*

MORLEY: My impression was that they looked upon the Soviets as a fact of life, that they didn't particularly like their relationship with the Soviets, but they had to accept it, that they realized their dependence on the Soviet Union politically, militarily, and economically. Many of them resented that they had to sell to the Soviet Union rather than to Western Europe and the United States. But again, it was accepted as a fact of life. As was the case of my previous experience in Norway, most of the members of the Polish government had had terribly experiences in World War II. They accepted the reality in the aftermath that the Soviet Union ran their part of the world and they were going to try to make the burden as easy a one as possible. That was the attitude. They accepted that neither the United States nor Britain nor anybody else could do anything. We couldn't.

In contrast, when opportunities arose, Poles made plain their respect and admiration for the United States. I remember seeing the moon landing and Neil Armstrong's first steps on the mood being broadcast live on Polish TV. The next day, the Embassy was mobbed by thousands of people wanting "Apollo" buttons and other tokens of the first lunar landing. Anticipating some demand we had set up a table in front of the Embassy, but soon had to retreat into the building and hand out buttons through windows. A little while after, the Poles staged a major military parade in memory of Poland's liberation during World War II. The event was well attended by Poles sporting Apollo buttons.

*Q: How about attitudes toward East Germany?*



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MORLEY: East Germany specifically or Germany in general?

*Q: Just Germany.*

MORLEY: As far as Germany was concerned, generally, the Poles still had a historical animosity, fear of the Germans and, frankly, wanted the United States and Britain and the Soviet Union to keep Germany partitioned as long as possible. A divided Germany was in the interests of Poland. As long as Germany was divided, it was not a threat to Poland. East Germany was therefore a necessary fact of life should be accepted. Other than that, they didn't think much about East Germany.

The Federal Republic was not perceived as a threat because, Poles believed, it could not pursue political and military policies significantly different from NATO, and especially the United States and Britain.

In the eyes of the Poles, Germany precipitated two World Wars, and in both cases, Poland became a major battlefield and suffered immensely. Any arrangement that kept the German threat at bay was in their interests, even if it meant subservience to Moscow.

*Q: What was your impression of the Polish economy in those days?*

MORLEY: The Polish economy was stagnating. My tour there was toward the end of the Gomulka government. While he had promised reforms when he assumed the position of First Secretary of the Communist Party, in fact meaningful reform had not been undertaken and the economy had suffered as a result. As far as we could determine, there was no real economic growth. There was unrest in the ranks of labor. Poland was not competitive in world markets. Internally, Poland depended entirely too much on an archaic system of agriculture. Much of the work was done using horses on small plots of land. Fertilizer was not readily available to the average farmer. Few tractors were used except

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on state farms. It is worth noting that much of Poland's agricultural land remained in private hands during the entire Communist period.

In contrast, in the industrial sector, Poland was sort of a clone of the Soviet Union. During the period that I was there, they had large factories that produced steel or ships or whatever, big conglomerates, big centers of production. Nobody starved, but the enterprises were neither efficient nor competitive by world standards, and had to be heavily supported by the government.

*Q: What about the Church?*

MORLEY: The Church was a very strong factor, a very political factor; it had to walk a very tight line, but it was the only real independent voice in Poland at the time I was there. Most Poles were and probably still are members of the Catholic Church. There was strong public support within Poland for allowing the Church to continue its independent existence. The Church had to make some compromises, but if Poland was unique in what we used to call the Soviet Bloc of nations, it was these two things. Agriculture remained in private hands by and large and the Polish church remained independent and a source of difficulty for the Polish government.

*Q: While you were in Poland, did you have any problems with the security service there?*

MORLEY: I didn't have any problems with the security service. My family did not. They were omnipresent. They always had somebody observing us from outside the house. If we went someplace, they would follow us. If we went down to southern Poland on a fishing expedition, we had to notify the Polish government in advance and we were followed by what they called the "UB," the local security service. So, they were there all the time. But they never gave us any problems or difficulties, no. On the contrary, one time, when I was going fishing in southern Poland near the Czech border, the UB guy caught up, waved me

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over, and said, "You missed a turn back there." That's one of these little stories that you hear.

Q: About five years before, the GSO had been trapped in sort of a spy trap with a young Polish woman. Were you under any particular restraints or precautions?

MORLEY: No more than usual. When we went into the embassy, we were given a lengthy briefing by the security officer. Family members, as appropriate, were also brought in for the same purpose. My children were too young, but my wife was involved. If my children had been 15 or 16 years old, they would certainly have been involved.

Q: *Who was the ambassador when you were there?*

MORLEY: Walter Stoessel.

Q: *He was an old Eastern European hand.*

MORLEY: Oh, yes. He became subsequently ambassador in Bonn and ambassador in Moscow. He spent most of his time in Central and Eastern Europe.

Q: *How did he operate?*

MORLEY: Very aloof. But again, you know, you have to understand the period I was there. It was a very stressful period in our relationship with Poland because of the invasion of Czechoslovakia. He had a difficult hand to play. He was pretty hard nosed about making sure that people towed the line. It was very difficult - at the beginning, impossible - to get his permission to undertake any initiatives with Poland. There was not much in the way of initiatives that were approved in that first year that I was there, practically nothing, because of the invasion of Poland.

Q: Did you feel the heavy hand of the Polish-American community in the embassy, the influence in all sorts of ways of Polish-Americans coming back to visit their homeland?

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MORLEY: The Polish-Americans, to the best of my knowledge, did not have a significant influence on our policy toward Poland. They accepted it. Poland was a member of the Warsaw Pact and they accepted that Poland was dominated by the Soviet Union and Soviet politics. There were efforts at the margins to make Poland a special case. Special legislation was passed, for example, to permit United States funds to help support a children's hospital in Krakow, and for other specifically humanitarian purposes. An aid program was possible in Poland through the efforts of the Polish-American community in the United States. But the Polish-American community made little effort to change the basic political parameters of our relationship with Poland. For years, the only aid program we had in Eastern Europe was in Poland.

*Q: Gomulka was at the end of his period there?*

MORLEY: Gomulka was at the end of his period. He was out of office, I think, about a month or two after I left. Gierek came in, but I knew nothing about him. The embassy had been aware of Gomulka's weakening position for some time, and of initiatives on the part of other members of the Central Committee to depose him. But the consensus within our Embassy was that Gomulka would survive, as he had survived other threats before.

*Q: What was the impression of this period, at the end of Gomulka's term, as far as what sort of leader he was and what was his motivation?*

MORLEY: My perception is that Gomulka came to office amidst high hopes that he would be able to reform the Polish economy and achieve a degree of independence from the Soviets. In fact, he was unsuccessful in achieving either goal. By the end of his period, the Polish government was every bit as subservient to the Soviets as it had ever been. Efforts to reform the Polish economy had not met with success. By the end of the Gomulka period of government, there were sporadic outbursts of violence in places like Krakow, Gdansk and Gdynia. Eventually, it was a strike in Gdansk at the shipyard that precipitated the fall of Gomulka. But he had a policy of giving special concessions to steel workers and

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miners so that they would not demonstrate against the government. For example, at a steel factory in Krakow, what happened was that the coal miners, the steel workers, etc. got special access to hard currency stores so that they could buy things and essentially have a better quality of life than ordinary Poles did. Gomulka had to resort to this in order to placate labor. The Pole on the street believed that students could demonstrate all they wanted, but if the workers went out on the street, the government was in trouble.

Q: Was there the feeling among those of you who studied Polish, when you begin to identify with the country, that Poland was different and that Poland was eventually going to break away from the Soviet Union?

MORLEY: That Poland was different, yes. Poland had its own strong traditions like the Catholic Church, like the agricultural section being in private hands, like the strong position of labor in Poland. That it was different, yes. That it was going to be independent, no. If you look at the map, you would see that Poland was necessary to the Soviet Union. If you were going to have 20-odd Soviet divisions in East Germany, you needed to supply them through Poland. That means that you've got to have a Polish government that's subservient to Soviet interests. So, we never thought they would break loose, but we did think that Poland was special in several ways.

Q: What about the attitude of those of you looking at it toward the Soviet Union? Did you feel that the Soviet Union at this particular juncture was poised to strike at the West or was there the kind of feeling that we had reached equilibrium? What was our feeling?

MORLEY: We (the people who were stationed in Warsaw at the embassy) thought that the Soviet Union at that time was probably still in the ascendancy vis a vis the United States and that it was a real threat to the United States and to the security of Europe for sure. There were two major crises in my time in Poland that kept us awake at night. One was the invasion of Czechoslovakia. We were wondering what the West's reaction was going to be. The second was the confrontation in Berlin. You remember, the classic picture of

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an American and a Soviet tank at Checkpoint Charlie almost touching. That created a lot of concern. But we had no doubt that the Soviet Union could do a lot of damage to the United States if it chose to do so. It was not the Russia of today. This was in the aftermath of Sputnik and so on.

*Q: A Soviet Union on the move.*

MORLEY: It was a Soviet Union on the move, that's right. It was a Soviet Union that had the power to make its influence felt not only in Europe, but in diverse places all over the world.

*Q: I thought we might stop at this point and pick it up again. You left Warsaw in 1970. Where did you go?*

MORLEY: At that time, I went back to Washington for my first Washington tour. I spent six months at the FSI studying economics and then went to the Office of Polish, Czech, and Hungarian Affairs as their economic officer.

*Q: Okay. We'll pick it up at that point.*

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Today is July 15, 1997. We're in 1970. You took the six month economic course. How was that? How did you find that course?

MORLEY: I found it to be of very high quality. It was thorough, and included statistics, and calculus as well as macro- and microeconomics. When I finished that course, I went to the European Bureau. After that, I went to Georgetown University for a year of advanced economic training. The reason I'm mentioning it at this point is that the course at the FSI gave me all the background and expertise in economics and math I needed to compete

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with graduates from first-rate schools with degrees in economics. I did not have a problem. It was an excellent course.

Q: Was there a thrust to the course? If you get an undergraduate degree in economics at the University of Chicago or Stanford, you may come out one way or another, whereas the six-month concentrated economic course, was it government, Foreign Service oriented or was it pretty general?

MORLEY: It was pretty general. If there was a thrust to it, it was international economics and national accounts - that is, balance of payments, budget, that kind of thing - what an economic officer assigned to Mexico City would need to report to the Department on the national accounts of Mexico in the area of trade, in the area of budget, in the area of balance of payments, GDP, and so on. It gave you certainly enough to be able to talk intelligently to any local economist about the situation in his country and gain his respect.

Q: *You were then assigned to the Polish Desk?*

MORLEY: I was assigned to the Office of Czech, Hungarian, and Polish Affairs as the economic/commercial officer. Most of my work was done for the Polish Desk Officer. I was the backup Polish desk officer. I had a collateral responsibility for handling Baltic country affairs (Latvia, Lithuania, and Estonia) which were not independent at that time.

Q: *You were there from '70 until when?*

MORLEY: I was there from January of '71 to the middle of '73.

Q: *What was the economic situation in this '71 to '73 period iPoland?*

MORLEY: The economic situation for Poland in those years was difficult. The Polish government was searching for a way to improve the domestic economic situation and not alienate the Soviets, which still dominated the country. In 1970, the Gomulka government had fallen and a new government under Gierek had taken over. They were searching for

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a way to increase trade and financial interaction with the West within parameters which they understood to be set by the Soviets. The United States wanted to encourage this trend. So, what we were working on in those days was Polish access to Export-Import Bank credits, access for Polish maritime vessels to U.S. ports, a general reduction on restrictions on travel within Poland for American diplomats and within the United States for Polish diplomats. We were looking to take advantage of the thrust of Polish policy to improve our relationship with Poland and thus, at the margin, reduce its dependency on the Soviet Union. We always considered Poland to be the most important of the Eastern European countries. What happened there could influence the future of all of Eastern Europe.

Q: Here you are, a newly minted economic officer with this course under your belt. You're dealing with the problems of Poland. Poland is in the embrace of Marxist Soviet Union. In a way, does economics make sense in dealing with a Marxist society?

MORLEY: If targets of opportunity arrived, we felt we should take advantage of it. The invasion of Czechoslovakia, we believed, had both frightened the Poles and made them, at the margin, more willing to deal with the United States.

Q: *This was in August of '68.*

MORLEY: Yes, August of '68, I think. After that event, the Eastern Europeans generally and the Poles specifically became cautious about reform because they had the example of Czechoslovakia. At the same time, the Soviets seemed to be willing to tolerate a modicum of reform to avoid new crises. After the initial freeze on relations described earlier, we embarked on a slow, gradual policy of reassuring the Soviets on the political and military front, while at the same time taking initiatives to foster reforms. Whether we thought it would work or not, I don't think there was a real consensus. There was a consensus that it was worth trying.



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Our policy was an open one. There were times when the Polish-American community got involved and there were times when Congress was pushing us first one way and then another way. The extension of Export-Import Bank facilities to Poland required a broad consensus. It was a long process within the government and included consultations with the Congress of the United States. I don't recall whether it actually required special legislation, but I don't think so.

*Q: What about the Polish-American community? What did they want?*

MORLEY: The Polish-American community wanted to improve the lot of the Polish people, while understanding that the political relationship between Moscow and Warsaw was not something they were in much of a position to affect. They thought there were things that the United States could do. So they supported aid programs in Poland for the Krakow Children's Hospital, which developed very important programs for the health care of children. They supported the extension of Export-Import Bank facilities to Poland. They supported more trade with Poland. They supported anything that they thought would impact positively on the daily life of the Polish people. There is a very strong bond between Poland and the United States. Large Polish communities exist in a number of cities in the United States. These people are articulate and they are organized and they worked hard toward these goals of improving the lot of the Polish people.

*Q: Did you ever find yourself and your fellow people dealing with focusing on Poland caught between wanting to keep the Soviets down as much as possible from having too strong an economy and, on the other hand, trying to be nice to Poland? Did that ever come in conflict?*

MORLEY: I don't believe we thought there was a conflict. The Soviet Union's economy drew strength from its Eastern European "satellites." They achieved this by dominating the region politically. If the Polish economy were to grow stronger, it could only do so with

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increased economic ties to the West. Stronger ties to the West implied increased Western influence and therefore diminishing Soviet influence over time.

At the same time, the Poles knew what the limits of their policy were. They would not embark on anything Moscow opposed. The Poles tried to give as little in return as possible for an initiative such as Ex-Im Bank facilities for Poland. We, of course, tried to get some concessions from them.

One of the things that we did during that period of time was negotiate a travel agreement with Poland. Shortly after I left the Office of European Affairs, LOT, the national carrier of Poland, began flying directly to the United States. I think they flew initially to Chicago and to New York. This was considered to be another way to improve relationships between the United States and Poland in a way that did not directly conflict with their political allegiance to the Soviet Union. So, there were a number of initiatives that were undertaken during my period in the Czechoslovakia, Poland, Hungary desk that served this goal. All of these initiatives were pretty much supported by the Polish-American community, although there were some protests in Chicago over the LOT flights.

Q: What about Congress? Was there an ambivalence on the part of Congress towards opening up things to Poland?

MORLEY: As is the case in a number of issues, most Congressmen allowed themselves to be led by those members that had a direct interest in the issues involved. The two groups that were most involved in our Polish policy were those who represented Polish-American constituencies and those who had an abiding interest in our policy toward the Soviet Union and our goal of relaxing Soviet control over Eastern Europe. There was a confluence of views between those two pretty much, as I recall it. With the exception of a few conservative members of the Senate and House, we did not view it as an impossible task to get Congress to go along with our initiatives. We would get mail in some cases from some people who wanted a tougher policy toward Poland. But this was a minority

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view. We had to go through a process of selling the program, but there was no entrenched resistance within the Congress that I can recall.

Q: As you said, there was a very large Polish-American constituency. I remember talking to the Polish consulate general about this, the Polish consulate general in Chicago. He said, "You know, next to Warsaw, this is the largest Polish city in the world."

MORLEY: That's true. The Poles had signaled their intention of improving relations with the United States by naming a very able ambassador, Ambassador Tromczynski, who came to Washington at about the same time I took up my responsibilities on the desk. He reached out to the Polish-American community. He was very active on the Hill. He was a super salesman in terms of improving relationships throughout the government and with interest groups that were focusing on Poland.

Q: Did the Polish connection with Vietnam intrude on this? They were part of the trilateral commission, truce commission, that was flying back and forth along with the Canadians and the English, I think, involved in Vietnam. They really weren't doing much. Did that become a problem?

MORLEY: I don't recall that that was ever an issue.

Q: *I think it was called the ICC.*

MORLEY: I remember what you're talking about.

Poland was also the venue for exploratory talks between the United States and China while I was there, and subsequently as well. I don't think these talks ever came to anything. But the Poles extended this facility to us, and we appreciated it. I have often wondered how Moscow felt about the Poles abetting an effort to improve our relations with China.

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*Q: Were the Poles careful not to let their secret service plaaround in the United States?*

MORLEY: Yes, they were. I do not recall any problem of this sort coming to our attention. The Poles were clearly putting their best foot forward during this period. They wanted very much to get American economic assistance because they perceived a real need to upgrade their industry, especially their heavy industry (shipbuilding, steel, textiles, etc.) and they couldn't get the resources from the Soviets. So, that's why they were interested in U.S. Ex-Im Bank credits. We in turn were trying to get certain concessions from them in the event we arrived at a mutually agreeable agreement. They got their credits. Within two years, they were at the ceiling of the credit limit imposed by the Ex-Im Bank, and once again the economy began to stagnate.

*Q: Was Solidarity or anything like that, any dissident movements, that were apparent during this time?*

MORLEY: There were no significant dissident movements that had a visible impact on Soviet policy or were big enough to be making the news. But both the Polish and, I believe, the Soviet governments were concerned about further Polish unrest.

*Q: Moving to Czechoslovakia, I would have thought Czechoslovakia would have been almost in our deep freeze at that time.*

MORLEY: Czechoslovakia was in our deep freeze at that time. Of the three countries on which I worked, Czechoslovakia was the least receptive to overtures from the United States government in the economic reform credits/trade area. Probably Hungary was the most receptive. Poland was a bit less so, but it was the country of most interest to us.

*Q: With Czechoslovakia, was the feeling that since the question of what was known as the Prague Spring, which was in '68, there wasn't much that could be done? It was a pretty repressive government and there wasn't much you could do with it?*

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MORLEY: That's correct. When we went to Czechoslovakia, we were very much treated at arm's length. In fact, while I made three or four visits to Poland and, I think, three to Hungary, I only made one to Czechoslovakia. It was totally unproductive. I was not welcomed by our Embassy there. I was not even met at the airport on arrival. We were still participating in the trade fair, but it was a USIA event, it was not a Department of Commerce event. It was designed more to influence the Czech people than to sell goods and services from the United States. The Czechs permitted us to do this because they wanted us to continue to have an American presence at the trade fair.

*Q: Turning to Hungary now, could you describe Hungary at this time, around '73?*

MORLEY: Hungary was perceived by us in the State Department as being the single Eastern European country with the most potential for reform. They sent several trade missions to the United States during my period. What they were interested in, again, primarily were inputs into heavy industry. Gyor is a major manufacturing center in Hungary. The machinery and the equipment there was, for the most part, badly outdated. They wanted to get both the machinery and the credits together to be able to finance it. We were very receptive. We promoted extension of credits. I remember accompanying a Hungarian trade mission that was led by a very high official of the Government of Hungary, whose name escapes me right now. But my main job seemed to be to assure American manufacturers that it was okay to do business with the Hungarians from a policy point of view as long as the deal seemed reasonable to the American firm involved and they were satisfied with the payment arrangement. That was very reassuring to them. They always sort of took me aside and said things like, "Is this show and tell or can we really do business with these people?"

*Q: How did we feel about Hungary within the Warsaw Pact?*

MORLEY: I'm not sure that I'm the best person to answer that because I was not the political desk officer for Hungary. The best of my recollection was that Hungary was

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considered to be a minor player, that Hungary had learned its lesson in '56 at the time of the revolution, that Hungary had participated in the invasion of Czechoslovakia and, therefore, Hungary was not going to be anything but a supporter of the Soviets. But they were a minor player in the Warsaw Pact. If you look at a map, you can see that if the Soviets had maybe 20 divisions in East Germany, they need Poland for logistics, communications, everything. Hungary they don't need. Hungary is there and it is a useful member of the Pact, but it was not as critical in terms of Soviet interest in Europe as Poland was.

Q: During this '71 to '73 period, were there any sort of incidents or events that particularly caught the attention of the State Department in Poland, Hungary, or Czechoslovakia?

MORLEY: We were watching very closely the evolution of developments in Poland in the aftermath of the change of government in Poland in 1970. That was probably our major focus at the time. Czechoslovakia was considered to be not a country amenable to change either on the political or economic front. Hungary was considered to be very conservative politically, but seeking ways to strengthen ties to the West and to the United States in the trade and financial area. Our assumption was that they would be given more latitude than Poland or Czechoslovakia simply because they were not as important to Soviet interests as Poland was. In any case, we were willing to test the water.

Q: *In '73, you left the Eastern European job.*

MORLEY: That's right.

Q: *Where to?*

MORLEY: I went from there to the India desk.

Q: *That's sort of a switch.*

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MORLEY: Actually, it was the Office of Indian, Sri Lankan, and Nepalese Affairs.

*Q: You were there from '73 until-*

MORLEY: I'm sorry, that's not right. I went from the Eastern European desk to a year at Georgetown University from '73 to '74, one academic year.

*Q: And that's in economics.*

MORLEY: And that's in economics. As I said earlier, the FSI had prepared me well for graduate school. I was not a candidate for a degree because it took two years at Georgetown and I had to return to the Department of State and take up my next assignment. So, I focused primarily on statistics, macro- and microeconomics, and economic development.

*Q: You came out of Georgetown in '74 and then you went to the India desk?*

MORLEY: Then I went to the India desk. I was walking out of one of my final exams at Georgetown at about 10 o'clock at night and a fellow Foreign Service officer called me from behind and asked me if I would like an assignment working on India, Sri Lanka and Nepal. Her husband apparently was a personnel officer in NEA. At that time, I had not received an assignment so I agreed.

*Q: So, you did this from '74 to when?*

MORLEY: '74 to '76, two years

*Q: Pakistan was in a different...*

MORLEY: There were two offices that dealt with South Asia. One included Pakistan, Afghanistan, and Bangladesh (PAB). We had India, Nepal, and Sri Lanka (INS).

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*Q: What were the primary economic motivators, events, during thi'74 to '76 period? Do India first.*

MORLEY: In the case of India, what we were interested in is improving our trade relationship with that country. I was involved in setting up a special bilateral trade and economic commission which Tom Enders chaired on our side. He was then Assistant Secretary for Economic Affairs in the Department of State. During the time I was working on India, the commission met four times, that is to say, every six months, alternatively in New Delhi and in Washington. This Binational Commission was established at the request of the Indian government. We wanted to be more laid back and let individual companies do what they want within broad policy guidelines.

The Indians wanted more control over the process in part because they were having foreign currency difficulties. In addition, relations were cool because India had just exploded a nuclear device and they wanted something to point to in terms of progress on their relationship with the United States. Finally, we had stopped aid to India ostensibly because aid resources were becoming scarce and the United States had to set priorities. AID concluded that there was a greater need in Africa and other countries than there was in India at the time.

The Indians wanted to foster increased trade and investment in part because they were looking for ways to replace aid money. So, this became not only a forum to talk about trade and individual commodities, but to discuss our broader economic relationship. But we also considered trade in specific areas. I remember the question of mica came up. Here we have high-level delegations from both sides and we were talking about a U.S. need for increased imports from India of mica. India was one of the most important providers of mica to world markets. The Indian government was putting limits on exports. We used this as a forum to discuss that problem. The same thing, for example, with morphine. We needed morphine, which meant we wanted to tap India's legitimate drug



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production. So, issues like that were considered by this commission, where ordinarily, companies from both countries would deal with the matter.

*Q: On the economic side of relations with India, did politics intrude or were there economic drives...*

MORLEY: Politics intruded - I like to think especially on their side. We still had residual aid programs in India being channeled through multilateral organizations. Every year, the donor countries, some of them very marginal donors like Norway, would meet in Paris with Indian government officials and discuss the nature and scope of multilateral assistance to India for the next year. This became a very political event. The Indians resented the fact that we had stopped our bilateral aid program in India but continued to influence multilateral assistance decisions in a significant way.

At one time we were a major source of aid to India. For example, during the '60s, we had a massive PL480 program with India. We sold wheat and other food grains and other commodities to India in return for payment in rupees. By the '70s, we had something like 3 or 3.2 billion dollars worth of rupees deposited in Indian banks. There was a lot of resentment within India that we controlled so much of the Indian money supply and under the agreement we could use it within India for whatever we wanted. So, we negotiated in one package an end to the bilateral PL480 program. We gave them a check for over \$2 billion worth of rupees. The assumption was we would never get to use the money, so it had no value for us. In return, we were given more latitude in what we could use the remaining funds for, including international travel which had a foreign currency component.

*Q: Was it Ambassador Moynihan who got rid of that huge rupee amount?*

MORLEY: If he did not conceive the idea, he was certainly one of its strongest proponents. He believed the rupees were essentially valueless under existing circumstances,

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and pushed hard for changes that would return the bulk of the money to the Indian Government in return for greater freedom in using what remained.

*Q: From your perspective, how did you see relations between the United States and India from '74 to '76?*

MORLEY: Not very good. One problem was that the Indians in the summer of 1974 had set off a nuclear device about a week or two (I don't remember the exact date.) before I got to the desk. This was apparently not anticipated within the U.S. government. The people responsible for tracking this sort of thing knew that the Indians were working on it and knew that sometime within the near future, they would be capable of detonating a nuclear device. The actual timing came as a surprise to us. We, of course, had been pressing the Indians to forego this kind of activity. So, we expressed our disappointment that the Indians had gone ahead with the detonation of a nuclear device. For at least the first year that I was in that office, that development was a major negative factor in our relationship with India. It made congressional agreement on various initiatives difficult.

*Q: With this happening, did we make any moves to say "You can't have certain items."*

MORLEY: There was an immediate negative reaction. We suspended consideration of any new initiatives while we considered our options. I don't recall that any major program was canceled as a result of the Indian nuclear explosion, although there were short term suspensions. The major impact of this event was on the image of India in the United States.

*Q: Did the relationship with Pakistan intrude at all on your work?*

MORLEY: Given the rivalry between India and Pakistan, I had to consult very closely with my opposite number in PAB to make sure that what we were doing with India was not unbalanced in terms of what our policy was for Pakistan. So, there was a lot of communication between me and my colleagues on the Pakistan desk. But they were such

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different situations. India was so much bigger and in an economic sense so much more important to the United States. Pakistan was probably more important from a political point of view than India because Pakistan was more closely allied to the West and India was determinedly neutral. Q: I can't remember when India went to war over Bangladesh.

MORLEY: That was long before my time. I'm not sure what the date was.

Q: *So, that had already taken place.*

MORLEY: The fallout had sort of...

Q: What about India as far as trade was concerned? They had this relationship with the Soviet Union, but most of what the Soviet Union was turning out wasn't very good.

MORLEY: That's right, it wasn't very good, except in the military area. But the Soviets would provide credits in almost unlimited quantity. And some Soviet military technology was world class: The Indians found that they could get pretty much top of the line stuff from the Soviets because of the Soviet interest in keeping us from getting too close to India. So, they had the credits and they were getting good stuff in certain areas. There were products and services where the Soviets were inferior. In those areas, the Indians tried to turn to the West. They were looking for both equipment and credits.

Q: Did you at all run into the socialist buzz saw, the desire to have big steel plants and things like this that most socialist countries tried to get involved in, but they're not very efficient?

MORLEY: At the time I was dealing with India, a lot of heavy industry was controlled by the big families - the Tata family, for example. When India wanted to import equipment (machinery and so on) for a steel plant, the chances were very good it was for an enterprise owned by one of the big families. Heavy industry, agriculture and other major activities were privately-owned.

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The big families (and there weren't very many of them) had a lot of influence. They had tremendous influence over Indian government policy in the economic area and thus could get pretty much what they wanted. For an American investor to make an investment in India, he had to find a partner among one of the big families of the Indian nation to gain the concessions from the Indian government to make his investment both possible and successful.

Q: What about Indian bureaucracy? From time to time, I've run into it. In the economic field, even from the desk, this must have had its repercussions.

MORLEY: The Indian bureaucracy was very large and perceived as being not very efficient. Very often, we found that we had to go to unusual lengths even to get the bureaucracy to respond, never mind to get them to respond positively to an initiative. We had to involve government ministers too often, and we hoped we could do something about this in the context of the Binational Commission. During meetings, we could say "We're having trouble with X" and because they had an interest in seeing the Commission work, very often we were able to break the logjam.

Q: Did Congress get involved at all? To both India and China, people, many from a missionary background, were just fascinated by either country. Sometimes this gets itself reflected in Congress. Did you have any problems with that?

MORLEY: Other than the period after the explosion of the Indian nuclear device, we had no unusual problems with the Congress. There were those who questioned some elements of our policy, but the Congressional focus was elsewhere.

Q: *What about Nepal? Anything on Nepal during this period?*

MORLEY: On Nepal, I don't recall anything significant. They watched their Ps and Qs with the Chinese as well as the Indians. They felt that they were the slice of bologna between the two great chunks of bread. They weren't about to offend either side, so they kept their

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mouth shut and tried to chart a course that was offensive to neither the Chinese nor the Indians. They pretty much were successful. Our relationship with Nepal at the time did not have much substance to it, either political or economic. Nepal would rarely come to my attention.

*Q: What about Sri Lanka?*

MORLEY: I guess that India took up about 90% of my time. Sri Lanka took up almost all of the rest. My major involvement with Sri Lanka during this period was the negotiation of an agreement on uses for US-owned excess currency. We sought an agreement that allowed us to use US-owned Sri Lankan currency for U.S. government programs in Sri Lanka and for expenses related to them like international travel. I became involved in discussions with Treasury officials on Sri Lanka currency more than with Sri Lankan officials on this issue. My job was to convince Treasury that it was in U.S. government interest to change the agreement to permit such uses. We argued it made sense to use currency now for U.S. government programs rather than exchange them for dollars 10 or 15 in the future.

To give you an idea of how I spent my time, I never went to Sri Lanka once. I never went to Nepal once. I went to India five or six times. I was the backup India officer. If there was an India problem and the regular desk officer was gone, I was the backup.

*Q: While you were doing the economic side, what was the impression of the desk and yours and maybe your colleagues' of the government of India at that time?*

MORLEY: We thought that India and its government was a difficult entity to deal with, that decisions on policy issues were slow in coming from the Indian government, that the Indian government and official Indian representatives were at best a little suspicious and skeptical of the U.S. government intentions. India and that the Indians are a very proud people and believed at the time that they should be able to play a greater role in world politics, should be able to be treated with more respect and be involved more in major global issues than at the time we perceived they needed to be. They resented that they

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weren't consulted more. We had problems with the speed with which they responded to anything we did with them. They tended to be not particularly supportive of U.S. government interests in the United Nations or in any multilateral affairs. They tried always to steer a third course in international affairs and, in fact, had been key in the formation of the Third World grouping that at times gave us problems and at times gave the Soviets problems. A lot of people resented the Indian leadership role in this respect.

Q: The period we're talking about was '74 to '76. Henry Kissinger was the Secretary of State. I don't think it's any secret that he didn't have much regard for the Indians.

MORLEY: To the best of my knowledge, he rarely got involved in Indian affairs. He left the Bilateral Commission to the Assistant Secretary for Economic Affairs, Tom Enders. He left political issues to the NEA Assistant Secretary. Once in a while, he would play a role. For example, it was his decision over the objections of Tom Enders that the Bilateral Commission be established and that Enders chair our side.

Q: *You left this desk in '76. Whither?*

MORLEY: I left the desk in late spring of '76, took 16 weeks of Spanish language training at the FSI and arrived in Caracas, Venezuela somewhere around the middle of September. I don't remember exactly when that was.

Q: *You were in Venezuela from '76 until when?*

MORLEY: '79.

Q: *What was your job?*

MORLEY: I was the officer responsible for general economic reporting, including national accounts, trade, investment and financial issues. My responsibility excluded only petroleum and energy issues, mining and minerals, and commercial promotion.

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*Q: Who was the ambassador during this time?*

MORLEY: Viron P. Vaky.

*Q: Viron Vaky, known as Pete Vaky.*

MORLEY: After one year, he returned to Washington to become Assistant Secretary for Latin American Affairs.

*Q: What was the political situation in Venezuela from '76 to '79?*

MORLEY: Carlos Andreas Perez was president in 1976. When I arrived in the summer of 1976, it was in the immediate aftermath of the formal nationalization of the oil industry in Venezuela and the establishment of the national oil company, PDVSA (Petroleos de Venezuela, S.A.). There were a lot of residual issues, especially compensation issues, that we had to deal with. That was one of the most important bilateral issues at the time. In the political arena, Venezuela was an active player in Central America and in the developments in Nicaragua that led to the fall of Somoza and the establishment of the new government in 1979 or 1980. So our Ambassador made demarches to the Venezuelans asking for their support in one way or another to deal with Somoza and other Central American issues. We wanted a transition to a moderate government in Nicaragua, but our years of support for the Somoza government made the Venezuelans, among others, suspicious of our motives.

*Q: Although petroleum was not on your plate, this '76 to '79 period is a time when Venezuela was a world class power. From your perspective, how did Venezuela deal? We're talking about the oil shock?*

MORLEY: The oil embargo and the oil shock, the tremendous increase in oil prices.

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*Q: Did that intrude on your work at all or at least how you observe Venezuelans were dealing with that and our relations with Venezuela?*

MORLEY: As I said, one of the most important economic issues was compensation for American companies that had been involved in the oil industry in Venezuela. However, I had the responsibility for analyzing the economic consequences of the nationalization and oil revenue increases on Venezuela. Washington wanted to know what Venezuela was doing with the oil revenue, and how nationalization going to impact on U.S. trade with Venezuela. We had two interests. We wanted to maintain Venezuela as a reliable source of petroleum and we wanted to take advantage of Venezuela's new wealth to sell US goods and services in that market. The Commerce Department set up a special trade task force within the embassy to promote US exports.

The Venezuelans had several goals in mind. First, they wanted to avoid having the influx of oil money create inflationary pressures in the economy. So they invested some of it abroad in financial securities and other relatively liquid assets, managed by an entity called the Venezuelan Investment Fund (Fondo de Inversiones de Venezuela (FIV)). We, of course, wanted a much of these funds to be placed in the United States as possible - U.S. government securities, investment in the stock market, whatever we could get. We wanted that money to come to the United States. We were constantly interacting with the Venezuelans on this issue.

Secondly, they wanted to use these new resources to fund development projects in Venezuela, such as the dam at Guri, modernization of the oil industry and creation of related petrochemical industries, development of the country's vast deposits of iron ore and bauxite, and infrastructure improvements such as a subway system for Caracas, port improvements, and a new international airport. They set up huge state-owned enterprises to foster development in some of these areas. The financing for the equipment and technical assistance came from two source oil revenues and borrowing abroad. Our



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goal was to assure Venezuela spent as much as possible in the United States for these purposes.

The third thing that the Venezuelans did with the money was to try to improve the daily life of the average Venezuelan citizen. So, they built new hospitals, created a new social security system, and spent money on housing and government services. The GOV also permitted imports on a grand scale. At an exchange rate of 4.25 bolivars to the dollar, imported consumer goods were cheap, often cheaper and of better quality than goods produced locally. Imports skyrocketed, including imports of agricultural products and consumer goods that were being produced within the country. It was not unusual for a freighter to have to lie offshore for more than two months waiting for a slot to unload its cargo. While consumers benefited from this largess, small farmers and small businesses found they could not compete with imports. Many went out of business, and as a consequence people flocked to major urban centers where the benefits of the oil boom seemed greater than in the countryside.

Finally, the Venezuelan military's budget was increased significantly to allow for purchases of modern equipment such as F-16 jet aircraft, Italian warships and British radar systems.

At the time that I was there, the general opinion was that the boom was a temporary phenomenon. The best minds in Venezuela understood that eventually public and private sector spending was going to catch up with income, that it would be prudent to set aside some funds against the day when surpluses disappeared. That's why the FIV was created. They were right. By 1979, Venezuela had a balance of payments deficit, a very modest one (\$50 million or something). That was quite a shift from a \$4 billion surplus in 1976.

A major factor in this dramatic turnaround was the GOV's insistence on maintaining the national currency (Bolívar) at approximately four to the dollar with no limits on currency exchanges. Anticipating an eventual devaluation, many converted their local currency to dollars, and sent the funds abroad. Venezuela's reserves suffered significantly.

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*Q: From your perspective, how well did Venezuela respond to investments?*

MORLEY: We pretty much maintained our market share of consumer imports. On major projects, we won some and lost some. Bechtel, a US firm, got some major contracts, as did other US firms, but the Italians got the metro system in Caracas, the Canadians got the big airport project, and the British and Spanish got substantial contracts as well. U.S. companies, of course, had substantial service contracts in the oil and energy area.

Often we believed the procurement system was corrupt. Venezuelan officials expected, and often received major rewards for awarding a contract to one company or another. President Perez himself was rumored to have benefited tremendously from such transactions.

*Q: How did you find the Venezuelan economic apparatus?*

MORLEY: Badly understaffed and lacking in technical expertise. What expertise there was concentrated pretty much in Petroleos de Venezuela. Since its founding in 1972, it has tended to attract the best economists, the best geologists, the best this, that, and the other thing that Venezuela could produce.

Venezuela was also at this time in Third World-oriented activities. Along with the Indians and others, they sought alternatives to US domination of the world economically. This was the time that the Cold War and competition with the Soviets were major policy issues for us. In this context we had problems mobilizing Third World opinion and support for our initiatives in the UN and elsewhere. Countries like Venezuela wanted to go their own way. For example, Venezuela was one of the founding members of SELA, an economic grouping, that was informally considered to be an Organization of American States clone without the United States but with Cuba. SELA headquarters was in Caracas and the Cubans were very active. Part of my job was to liaise with SELA headquarters in Caracas. In the event, SELA never turned out to be a very effective organization. They were never

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able to establish any kind of uniform policies among the governments of Latin America on the economic or even political front. Even subgroups like the Andean Pact were not able to achieve very much on the economic front apparently because all of these countries traded more with the United States and Europe than they did with each other. Colombia traded more with the United States than it did with Venezuela or Peru. The same thing with Venezuela. So, the basis for united action was a weak one.

*Q: What about living there? Where there any problems?*

MORLEY: We arrived in Venezuela six months after the nationalization. It was only a year or two after the tremendous increase in oil prices. It was a time when the country's infrastructure was being badly strained by the influx of money. Inflationary pressures were strong. Bankers and other businessmen flooded into Venezuela looking for opportunities. They were opening offices, creating a strong demand for housing, consumer products, and labor. This made daily life difficult, especially for the embassy American staff. The Venezuelan currency was maintained at 4.25 to the dollar, an artificially strong rate. Running through that exchange rate, people who lived in Venezuela and whose income was denominated in dollars or some other foreign currency found it very expensive. I remember pricing Arrow shirts for \$75 at a time when you could get them for \$15 in the United States. I remember being \$600-700 out of pocket every month for my rent for a modest three or four bedroom apartment. This was twice what my mortgage payments were for my house in Fairfax. I remember very crowded roads because Venezuelans were using the income to buy automobiles but were not upgrading the roads. I remember constant electrical blackouts because the system that they had had been designed for a more modest tempo of life. I remember that the international schools were all badly overcrowded. If it weren't for the fact that the U.S. embassy was a sponsor of the schools and that the U.S. embassy dependents automatically had access to school facilities, we probably would not have been able to get our kids into school.

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Conversely, at the exchange of 4.25 to the dollar, Venezuelans found that it was more economical to buy imported goods than to buy Venezuelan goods. They would do so. They enjoyed the high life. They would never drink Johnnie Walker Red if they could get Johnnie Walker Black and you certainly wouldn't buy an alcoholic beverage produced in Venezuela if they could buy Scotch imported from Britain or wine from France, often more cheaply. Concorde flights between Europe and Venezuela were the preferred way to travel because Venezuelans could afford the price differential.

Q: Did you feel the heavy hand of the U.S. Department of Treasury on you and others in the economic section to make sure that the Venezuelans were absorbing as much of the surplus money?

MORLEY: Washington was concerned that in the short term Venezuela spend as much of its new wealth in the United States as possible. In the longer term, we also worried that the strains of the new oil wealth were going to be too much for the Venezuelan authorities to cope with, economic instability was a potential threat.

Q: What about American education for the Venezuelans in business, the Economic Bureau and all? We have the example of Chile and the Chicago boys, which was a little later, but did American economic institutes play any part in the planning?

MORLEY: The Venezuelans turned to the Wharton School. There was an organization in Venezuela called The Institute for Higher Economic Studies. IESA was the Spanish acronym. Its purpose was to produce graduates with degrees in economics and business. In addition it offered shorter courses, perhaps a month in duration, for managers in government and business. It recruited some of its faculty from the Wharton School of Economics in Philadelphia. But IESA represented a long-term solution and had no significant impact on the situation by the time I left. The Venezuelans made do with the talent they had. Of course, many of their people had been educated in a variety of American institutions.

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To help improve the quality of education for Venezuelans, the GOV set up what they called the Ayacucho Program. Any Venezuelan that could get admitted to a foreign university could go there with substantial financial support from the Venezuelan government. As long as they maintained good standing in the university of their choice, they would continue to get funding for the next year. Thousands and thousands of Venezuelans took advantage of this program. It was probably one of the best things the Venezuelan government did, although there was waste and inefficiency in the program. It was sort of like the GI Bill. The advantage to Venezuela in terms of human resources was probably incalculable. Venezuelans could even go to private secondary schools in the United States, to places like Andover and Exeter, and get premium private school education under the same programs. It was designed to upgrade the human resources talent pool to take on the challenges of Venezuela's development.

*Q: I don't know if you had any contact with people in Colombia. I'm getting the picture that the Venezuelans were quite a different breed of cat than the Colombians.*

MORLEY: The Venezuelans and the Colombians were very competitive and almost antagonistic during this period. There were several problems that exacerbated bilateral relations between the two countries. One was the massive and almost uncontrolled migration of Colombians into Venezuela because of economic opportunities available to Colombians in Venezuela. This included not only well educated Colombians who got jobs in Venezuela because of the shortage of well educated Venezuelans, but also unskilled laborers who would come to Venezuela to get jobs as taxi drivers, household help and laborers.

Secondly, there was a border dispute between the two countries. The dispute involved the border along the western shore of the Golfo de Venezuela and was of long standing. The dispute was exacerbated by the belief on both sides that oil deposits existed under the gulf, similar to those under Lake Maracaibo.

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For years, oil had been produced in the Lake Maracaibo area, both on shore and off shore. The lake was indisputably in Venezuelan territory. Lake Maracaibo comes to sort of a choke point at the city of Maracaibo itself, north of which was the gulf in question. At the time, the Venezuelans claimed a very narrow strip of land along the western shore of the gulf. If accepted by the Colombians, this would have made any oil under the gulf the property of Venezuela. The Colombians disputed this claim, seeking a share of any future oil revenue from deposits under the gulf. Other than that, the whole border area was ill defined. As time went on, during the period I was there, there was perceived to be a greater and greater need to define the border between Venezuela and Colombia for economic reasons and better control over migration, illegal trade, etc. Not much progress was made on any of these issues. Venezuelans and Colombians had a competitive, almost antagonistic relationship in the time I was there.

*Q: Why don't we stop at this point? Any developments during this time, '76 to '79, that we should talk about?*

MORLEY: No.

*Q: Just so we get it on the record, where did you go in '79?*

MORLEY: In 1979, I went back to the United States and went directly into the Office of Policy Planning and Coordination in the Latin American Bureau. I was there from '79 to '82.

*Q: That should be a very interesting period.*

MORLEY: It was the time when Venezuela was less of a focal point than Central America. Central America was the big issue. Also at that time, the Caribbean Basin Initiative (CBI) was conceived. It was a time when we were doing a lot of work on Mexico, including the creation of zones along the border where Mexican companies could trade with American

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firms free of customs duties. It was a time when we started to recognize that Mexico's welfare was very important to the United States.

*Q: Debt relief and all that.*

MORLEY: Debt relief was important, but it was only one of many issues. We were involved in talks on trade, the use of water resources along the border, the immigration problem, pollution, and financial issues. Our relationship with Mexico was of growing importance and we set up a bilateral commission with Mexico that met as requested by either side. There was no fixed schedule, but it usually convened once a year. Most Cabinet Departments participated because it seemed most agencies had issues involving Mexico. At one point, when I was in the Office of Planning, we had actually to discourage some cabinet members from going to Mexico because their issues could probably be dealt with effectively at the sub-cabinet level.

*Q: Why don't we, rather than get into this, continue later?*

MORLEY: Fine.

*Q: We'll give it the full treatment.*

MORLEY: That's fine.

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*Q: Today is July 23, 1997. You went to the Office of Policy Planning?*

MORLEY: I reported to ARA's Office of Policy Planning and Coordination (PPC) in the summer of 1979. At the time, the office was headed up by Luigi Einaudi. The Assistant Secretary was Ambassador Vaky, the senior Deputy Assistant Secretary was John Bushnell.

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*Q: You were there from when to when?*

MORLEY: I was there from the summer of 1979 to the summer of 1982.

*Q: Could you talk a bit about Luigi Einaudi? He's been referred to quite often. Could you talk about your perception of him, how he operated, what his interests were?*

MORLEY: Luigi Einaudi was not in the Foreign Service, but came from academia. He had gotten his Ph.D. from Harvard University and had worked on Latin America issues for most of his career. He had been in the Policy Planning staff of the Secretary of State (SP) in the Department of State before coming to the Latin America Bureau. He had been in PPC about a year when I arrived.

I found him a delight to work with. He was very smart. I told him at the end of my tour that he had stretched my mind and helped me to become a better officer in ways that other people I had encountered in the Foreign Service had not done. He made me look at the broader view. He made me retain always in my mind the need to develop policies and to conform to policies of the administration, whatever they may be. He reminded me that I work for the Secretary of State and the President, not for some particular individual. He gave me all of the authority and responsibility I could handle. I think that he was an important mentor for me and that I really grew up under his tutelage.

*Q: What was the Policy Planning and Coordination? Was this division?*

MORLEY: This was an office in ARA. We had a number of responsibilities. First, we were responsible for drafting speeches for the Assistant Secretary of State and for people on the seventh floor (the top echelon of the Department of State) on Latin American affairs. This included not only complete speeches on Latin America, but also, for example, portions of the President's State of the Union Address.



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Secondly, we wrote policy papers on Latin America, especially policy papers that transcended any individual country. We got involved, for example, in doing policy papers on the Falklands-Malvinas Crisis, on the Central America crisis (Nicaragua, El Salvador), advocacy papers on the formation of the Caribbean Basin Initiative, papers and speeches on the Caribbean and Central America Action initiative under Jimmy Carter, that kind of thing.

Thirdly, we were a fungible resource for the Bureau. We provided extra manpower during crises that threatened to overwhelm the Country Directorate involved. For example, when the Central America crisis erupted, the Office of Central American Affairs had only one officer covering both El Salvador and Nicaragua. This officer was inundated by the policy, media and congressional attention that was focused on these countries. We pitched in and helped them. The same thing, for example, with the Falklands War. For a brief period the office was also responsible for press coordination, but this function was split off shortly after I arrived on the scene.

*Q: You came in during the Carter period.*

MORLEY: That is correct.

*Q: Let's take it bit by bit. Let's take the Carter period. What do you recall were sort of the priorities which you were involved with and some of the atmospherics.*

MORLEY: Okay. When I came to PPC, there were probably three issues that were attracting a lot of attention within the Bureau and outside. The first, of course, was Cuba, a brand new problem for the Bureau and the U.S. government. The Cuban government was involved in Africa in Angola and elsewhere to an extent that the United States government didn't appreciate. We were trying to get the Cubans out. At one time during my tenure in PPC, Jimmy Carter thought he was making progress in improving relations with Cuba. The whole thing collapsed because of Cuban interference in Africa, followed by the mass

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exodus of probably 125,000 or 130,000 Cubans to the United States from the port of Mariel. This presented a major challenge to Washington and could not have taken place without Fidel Castro's approval. So relations with Cuba deteriorated.

The second issue was Central America. Somoza had been under a lot of pressure to leave Nicaragua and, in fact, left just about the time that I arrived at my new job in 1979. The dilemma was what to do and how to foster a democratic process in Nicaragua. We had tried to set up an interim government that would include all major political factions in Nicaragua. But the Sandinistas proved dominant and were able to take control of the government without regard to democratic processes.

In El Salvador, there was a military coup by young officers just after I got there. Our policy was to replace the military junta with an interim government leading to elections. What happened, of course, is history. There was major unrest which lasted several years. We were unable to prevent this. In spite of the security situation, elections were held and a relatively moderate government took office.

Congress was heavily involved, using military assistance programs to advantage. They limited US military advisors to only fifty personnel for a period of time and insisted in being kept fully informed of developments, in great detail. They required frequent testimony from senior State and Defense officials. When Tom Enders became Assistant Secretary for Latin American Affairs, he told us in staff meetings that he wanted a shift in focus away from Central America and toward Mexico, South America and the Caribbean. Nevertheless, he spent much of his time, like his predecessors, on Central America.

In South America, our goal was to foster the trend toward democracy and constitutional government. Argentina, Chile and Uruguay were focal points of this effort. In Argentina, the military government was gradually losing credibility. Their tenure seemed limited, and we sought to influence developments to encourage a peaceful transition to democracy. The assumption was that where you had democratically elected constitutional governments,

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there was less likelihood of human rights abuses and corruption, and a better chance for essential economic reforms.

*Q: How about human rights? Had this sort of lost its steam by that time?*

MORLEY: I don't know what kind of steam it had before I got there, but certainly human rights was a very high profile issue in Latin American policy. We continued to pursue human rights objectives all over the hemisphere. It sometimes presented us with potential conflicts. In the case of Argentina, we were trying to encourage the military junta to foster a peaceful transition to democracy. At the same time, we were hitting them very hard on human rights and, according to some critics, thus complicating our influence with them with respect to democracy. Our view in the office was that a return to democracy should be the highest priority goal because when you have a democracy, then almost by definition, you evolve in the direction of improved human rights, evolve in the direction of better standards of living, more responsive government, etc.

*Q: The Carter administration was contentious in some of its policies. Were there, from your observation, any sort of conflicting currents going on in the ARA bureau about Argentina or these other things? The one I can think of would be, if we go and support these rather authoritarian governments, we end up with communists and the others would be (inaudible).*

MORLEY: Under the Carter administration, the tendency was to withdraw support from authoritarian governments and press for democracy, even at the risk of electing leftist governments. My impression was that the Administration worried less about communism in the area, especially in Central America, which was the most critical problem area, than it was about an evolution or a peaceful transition to democracy. There was some concern about the so-called communist threat. But the Carter policies had general support within State. Let me put it another way.

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The real differences of opinion centered around modalities. Where we prepared to deal with a military authoritarian government in the hopes of getting them to permit a transition to democracy even though they were the “bad guys” and even though they had a bad human civil rights record, or should we take a tough line with them and foster contacts with opposition politicians who had a cleaner record, better political credentials, but of course lacked the power base to force a transition to democracy. I think that that was the real issue. Many believed that if we could help encourage the development of a responsible democratic government in South America, communism would lose much of its attractiveness.

The people who were most nervous about the communist threat were those who pointed to the fact that Fidel Castro was still active in the region, was still promoting insurrections in the region, and was still trying to build a network of friendly governments both in Latin America and elsewhere. In 1979, don't forget, the government in Havana was probably at its peak in terms of global influence. It was active in Africa. It was very active in Latin America. It assumed the Presidency of the Third World Movement and was influential in the United Nations with developing country delegations. So, Fidel Castro's government appeared to pose major challenges, not only in the Western Hemisphere, but elsewhere as well.

But basically our policy was to work with individual countries, and, taking individual circumstances into account, deal with both the government and moderate opposition and try to build a coalition in favor of promoting democracy. Human rights remained a major issue, but we thought that human rights goals were best served by the establishment of constitutional democratic governments.

Q: How about the attitude from the time you were on board until the end of the Carter administration towards developments in Nicaragua? Was there an outlook of “This is (inaudible)?” You arrived about the time Somoza left, didn't you? So, you had this new government being fitted together. We were obviously trying to work with it. What was the

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attitude of yourself and others who were looking at it with experience in Latin America as opposed to the more starry eyed people who just said, "Well, Somoza is gone. Anybody who gets rid of Somoza is a good guy?"

MORLEY: Well, there was some of that. We were concerned that the departure of Somoza had left a political vacuum that could be filled by an authoritarian government of the left or right. We promoted the establishment of a transition government that would include the range of political opinion in Nicaragua and lead to elections and a resurgence of democracy in Nicaragua.

But our efforts were often viewed with suspicion by critics both in Nicaragua and the United States. We did not have a good record historically. We had intervened in the country. We had supported the Somoza government when it suited us to do so. There was a lot of skepticism within the country as to our intentions. There was a lot of within the Congress, within the media, and in academia about what our intentions were in Nicaragua. It was felt among some that our primary objective was to promote establishment of a government friendly to the United States and friendly to U.S. interests regardless of other considerations. As far as I know, this was never true. The Carter administration assigned a very high priority to democracy and to human rights in the area, including Nicaragua. There was a lot of disappointment when the Sandinista group took over the government of Nicaragua, did not permit elections, and started to improve relations with the Soviet Union.

Q: During this period, was there a problem that the Sandinista government had attracted an awful lot of attention of the jet set, the fancy people, the cultured left?

MORLEY: I don't know about the "jet set," but certainly there was widespread criticism of our policies. Nicaragua became sort of a test case as to the intentions of the U.S. government, which had been professing its interest in human rights and democracy in the area. Nicaragua attracted a lot of media attention. I'm not sure that the jet set per se had that much interest, but certainly academicians had a lot to say. I remember that during

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the last year of the Carter administration I and other members of our office were asked to travel quite a bit and talk to people in various parts of the country about our policy, to explain what we were trying to do, and to erase some of the apprehensions about our intentions in the area. Sadly I don't remember this much attention being focused on Argentina or Chile, where it could be argued we had a greater interest in developments.

*Q: How did you find you were received?*

MORLEY: It was a mixed reception. As a rule, it was difficult to have a good conversation with some elements of our audience because they had a very hard mindset about what our policy was. It was also very difficult to separate Nicaragua from El Salvador at the time. People tended to jump from one to the other, sometimes without very much logic or sense to it. The policy of the Carter government was to give economic aid and other incentives to democratic reform in both countries and to refrain from doing very much on the military side. It wasn't until, I think, December or January, the waning days of the Carter administration, that the President approved military assistance of any kind, for example, to the government of El Salvador. Before then, he had resisted it, insisting that military assistance would only strengthen opponents of democracy.

*Q: How was the Carter administration as it was when you arrived, really about the last year and a half? How was it viewed by the professionals within the ARA Bureau regarding Latin American affairs?*

MORLEY: We thought that the Carter administration tended to be dominated by people who were not practically-oriented, let me put it that way. The Human Rights Bureau, for example, was very active on the human rights front and made it at times difficult for us to have a reasonable relationship with the government in being. The Carter administration generally was criticized for not permitting better relations with some of the military officers in various countries, especially those whom we considered to be reform minded. It was argued that some military assistance, especially training and especially training in the

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area of promotion of civil rights, human rights, could help change military attitudes and promote reform within the military. There were those who also argued that the military establishment was the only enduring institute in these countries, military support was essential to the establishment of constitutional government. Without such support failure was inevitable.

The Carter administration resisted this notion almost to the very end. When the Carter administration finally approved military assistance to El Salvador, it was too little too late to influence events. The situation had degenerated in El Salvador, for example, to a degree that hard liners were in control of the military and were dealing with the insurrection using extreme measures.

*Q: Did you find Congress played much of a role during the Carter period?*

MORLEY: During the Carter period, Congress watched very closely what was happening. We had to brief them fairly continuously. However, our relationship with Congress did not get confrontational until the Reagan administration.

Our actions were also closely monitored by the White House and NSC. I remember clearly our dealings with NSC staffer Bob Pastor, who was quite confrontational and insisted on being consulted on most aspects of policy implementation. He was a strong advocate of human rights and opposed working with the militaries unless we could prove to his satisfaction that cooperation with the military was the only option in achieving US policy goals. He was not a pleasure to work with. Micromanagement was his forte.

*Q: It happened before you got on, but was there a general pleasure with the aftermath of the Panama Canal Treaty and that particular boil that seemed to be lanced?*

MORLEY: Yes. There was, of course, criticism of the agreement. In the aftermath of the signing of the agreement, there was criticism of those who said that we had built the Canal, that we should have the right to stay there indefinitely. But within the Bureau

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itself, there was satisfaction that the treaty had been signed, that it was in our interests to have such an agreement, not only from the point of view of our relationship with Panama, but from the point of view of our relationship with Latin America generally. For the first time, it seemed to them (people within the Bureau) that our government had signaled its willingness to deal with a Latin government as an equal partner in a negotiation and to make serious compromises on an issue of importance to the United State government. So, there was a feeling of general satisfaction within the Bureau and within the Department of State regarding the outcome of those negotiations.

*Q: Now we come to January 20, 1981, which as I've done these orahistories seemed to have been one of the most controversial.*

MORLEY: It was a major turning point. During the interim period (between November and January), a transition team came to the Bureau and questioned many officers in the Bureau. I can't say they went into every office. They had a lot of hard questions about the direction of our policy, the goals that we were trying to achieve, our motivations, etc. Most were one-on-one conversations. At least, in my case, that was true. They not only talked to me about policy issues, they questioned me closely about the roles and behavior of front office personnel, the Deputy Assistant Secretaries and Assistant Secretary. Morale deteriorated. People concluded that those who had carried out the policies of the Carter Administration would have their careers destroyed. They were right.

*Q: How did you respond to this question?*

MORLEY: I answered all of their questions fully in terms of policy issues, goals, objectives, and what we had done. I told the interlocutor that I didn't want to talk about the political views of front office personnel and I didn't.

*Q: Was that accepted?*



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MORLEY: They kept coming back and they kept guiding me, but they kept me in the job. So, I guess the only thing I can tell you is, yes, it was accepted.

*Q: What was the reaction of the professionals in the Bureau whe Reagan was elected and this process began to get started?*

MORLEY: I'm afraid that their views were somewhat colored by the tactics of the transition group, who at times seemed to be offensive, who appeared to be on a "witch hunt." Members of the transition team had been involved in the drafting of a paper at the Santa Fe Institute. The paper dealt with Latin American policy, the mistakes of the past, and contained recommendations for future policies. It was extremely critical of Carter Administration policies in the area. Their hard line approach turned a lot of people off.

*Q: From what I gather, that was the worst. It was almost as though all the venom of the right wing of the Republican Party was focused on Latin America this time. A long time ago, it used to be on China. There seemed to be the real problem. Other areas did not seem to have that same difficulty.*

MORLEY: This was our impression, although we thought other bureaus were not immune from the same kind of treatment. We probably got the worst treatment of all. On January 21, everybody was pretty much gone from the front office. We had only John Bushnell as a carryover, and he clearly was handicapped by a lack of direction from senior Administration officials.

The Reagan administration did a lot to restore morale in the Bureau and to improve attitudes toward the new Presidency when it appointed Tom Enders as the new Assistant Secretary. He was well respected as an apolitical, hard headed, democratically inclined, professional Foreign Service officer. He had a good reputation throughout the Bureau, although as far as I know, he had never had a position of real responsibility in the Bureau up until that time. He had done most of his work in the economic area and had at one

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point been Assistant Secretary for Economic Affairs in the Department of State. But Tom's nomination as Assistant Secretary went a long way toward healing old wounds and improving morale within the Bureau.

Q: I was also told, I think, in one of my interviews, that Alexander Haig did a very interesting thing with the transition people. He called them all in, said, "Thank you very much for your fine work. We really appreciate what you've done. Please turn in your badges on your way out." I suspect many transition team members were expecting rewards which they did not get.

MORLEY: I don't know what they were expecting. I know that they gave us a very tough time during the transition period between November and January. I know that after the inauguration of the new President, a lot of them disappeared from the scene, but not all of them. Some of them were called back on occasion to do special work in consulting for the Bureau. We had still to be careful about what things we proposed and so on. As I said, it wasn't until Tom Enders' nomination was made public that a healing process, if it can be called that, was begun. That was a turning point.

Q: For you, did you see the PPC being used in a different manner during the Reagan administration than it had been during the Carter administration?

MORLEY: In the immediate aftermath of the election, John Bushnell was the Acting Assistant Secretary. We were tasked to do a white paper on our Central America policy. This consumed the Office of Policy Planning for several months. I think that we were tasked immediately after the beginning of the new administration and produced a paper that was published, if memory served me, sometime in April. This tried to trace the history of our involvement in Central America specifically and tried to define for the public what the goals of the new administration were to be. While we had written speeches before, and while we had written internal policy papers, at least in my experience, this was something brand new that we had not done before. It was a very politicized process. The draft texts

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were reviewed by people outside the Bureau including some residual people from the transition team, the Santa Fe Team as we call them, and so on. It was more of a political document. The document was more politicized than anything that in my experience we had been asked to do before.

I worked on this document, although I was not the primary drafter. Some of the drafts were produced while I was Acting PPC Director, and I remember clearly one instance when Bushnell called me into his office and roundly criticized me for not producing a paper more acceptable to the new Administration. I defended our product by saying that the paper was accurate as far as I knew.

Q: Since you were in the area that was looking at the overall policy and all, did you feel the influence of Jean Kirkpatrick, our new ambassador to the United Nations? She had written an article, I believe, and pondered the thesis that we should not try to undercut military rulers because they were our backbone. I may be misquoting here, but...

MORLEY: I think that statement may be stronger than her intentions. I think that our view was at the time that we had to work with military governments. That was, if they were the people that were wielding actual power within Country X or Country Y, then they were the ones we had to work with to try to restore democracy and human rights within that country, that it didn't do an awful lot of good to try to deal with factions that had no real political power to the exclusion of the government in power. For example, in the case of Argentina, we worked very hard with the military government of Argentina to try to bring about a voluntary transition back to democracy in spite of the fact that they had a dismal human rights record. We felt that we had to work with them if we were to bring about an outcome that was in the interest of the Argentine people as well as the U.S. Jean Kirkpatrick had a lot of influence in the U.S. government. With respect to Latin America policy, she had a special interest. She had always had a special interest. She had apparently made Latin American affairs one of her specialties during her career. But I think your description of her policy was a bit strong.

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Q: Was there a debate going on? Let's take the Argentine government. Here you had a junta that probably was both as brutal and as inept as you could probably come out by the law of averages. Was there a concern that dealing with them, no matter how you dealt with them, was almost beyond the pale or not?

MORLEY: There were some who felt that way. There is no question that it was a legitimate point of view. But at the time, we had no options. There were no political alternatives in terms of dealing with Argentine issues than the government in being. The government was gradually losing credibility internally. It had screwed up on the human rights front. The economy was a mess. The government was unresponsive to the needs of the people. Disappearances were going on. It seemed to us and, I believe, to the people of Argentina, that if the military junta had ever had any legitimacy, that day was passed. Nonetheless, they wielded actual power in Argentina. If we were to foster a return to democracy, a democratic transformation, then we had to deal with them in addition to other elements. We had to deal not exclusively with them because if we were to encourage them to yield power to another form of government, we had to identify and work with the people who would help guide the transition to elections and the democratic processes. But to ignore the military junta would be counterproductive.

Q: Did you sense any charging of adrenaline within the Bureau? You had an administration which came in and you had two sort of major things on the front burner of this new administration. One was Nicaragua and Central America and the other was Argentina. Of course, two of those always were strong things. So, you had an administration that came in that really was paying some attention to Latin America, whereas most of the time, Latin American affairs only sort of pop up on the scene for a very short period and die away. Did you get a little extra feeling of, professionally, somebody cares about what we care about?

MORLEY: Initially, no. A lot of the attention being given to Latin American was motivated, we thought initially, by the idea of dealing with the problems of Latin America quickly

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and effectively through the exercise of U.S. power and influence and then letting things get back to “normal,” whatever that meant. We thought that there was too much of an emphasis on military solutions, especially in Central America, and that a balanced policy would get us more than would otherwise be the case. As I said earlier, the arrival of Tom Enders on the scene was reassuring in many ways. Tom Enders turned to PPC to write his first major public statement, which was his statement to the Congress during testimony regarding his confirmation. We wrote a statement that dealt with Latin America in what we hoped would be a balanced way. It did not place too much emphasis on Central America, but rather dealt in turn with the problems of our relationship with Mexico, with Central America, with South America, and with the Caribbean. The major theme was democracy. He promised to work for a transition to democracy throughout the region, and to fashion policies that would restore regional stability and protect US interests. It was, as I recall, a pretty moderate and sensible statement, and was approved by the White House. Once in a while, the little guy gets something done in government, right?

*Q: Did you find by getting that statement approved, it gave you some good marching orders?*

MORLEY: It did give us some good marching orders because the statement gave us an opportunity to define policies in a public declaration. We felt that we had gotten Latin American policy back on the rails. We were heartened by the development of the approval of this statement. We were heartened by the guidance that Tom Enders had given to us in the process of drafting the piece. We were especially encouraged by the fact that the Reagan administration (specifically the White House) approved. We were disappointed, however, with the reception of the statement in Congress because during his testimony, Enders was confronted with a lot of questions on Central America and not very many on other issues. He was also questioned about Cuba and what our intentions were with respect to Cuba, how to ameliorate or reduce the influence that Castro had in world affairs at that time. Castro was probably at his peak in terms of global political influence in

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1979-1980 period within the Third World movement within the United Nations and so no. He still had substantial influence in Latin America.

Q: Did Chile come up much? Pinochet was well in power. There were many in the United States who, in a way, more despised him than the Argentinians because of the way he came to power. This was just a more brutal series of junta.

MORLEY: There was some attention focused on Chile. Certainly the Chilean government was criticized for its policies, certainly for its lack of respect for human rights. But if I were to prioritize our goals in the Southern Cone area specifically, I think that we thought that (this was during the first year of the Reagan administration) there was more hope for change in Argentina than any place else in the Southern Cone, that probably events in Uruguay would be so influenced by events in Argentina that if we were able to bring about a restoration of democracy in Argentina, Uruguay would fall into place. We thought that both Chile and Paraguay were hard cases and not likely to see change in the foreseeable future. That's the way that we prioritized or viewed Southern Cone issues. We hoped that, therefore, by focusing on Argentina, we could bring about a breakthrough, if you will, that would probably have very positive influence on Uruguay and perhaps influence Chile over the longer term. In Paraguay, we thought that until Stroessner died or was deposed by a palace coup. This proved to be the case.

Q: What about Mexico? It's our major neighbor and all. Did you find that Mexico had almost a unique position in the Latin America Bureau or nothing pertained to it that pertained maybe to the other countries, that it was pseudo generis or something?

MORLEY: Mexico didn't get very much of our attention. Things were relative quiet and stable there. The issues that we had to deal with in Mexico were not so urgent. They were important but not urgent. They were not of crisis proportions or at least they were not viewed as such at the time. While Mexico continued to be important to us in almost every area, be it the environment, immigration, political relations, water resources, almost

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anything you can mention, and that we should foster relations with Mexico, we were in a crisis mode, especially with respect to Central America, and Mexico did not get as much attention as it deserved.

*Q: Let's talk about the Malvinas/Falkland Crisis. Did that happen on your watch?*

MORLEY: Yes, it happened on my watch.

Q: Here you are in Policy Planning. I assume you have a plan for dealing with the Falkland Crisis. I'm getting a real blank look and a shaking of the head. There was a smile in my voice when I said that.

MORLEY: Let me say that we understood and for some time had followed closely the dispute between Britain and Argentina over the Malvinas/Falklands issue. Negotiations had reached a dead end. But no one really expected that the Argentines would actually invade and occupy the islands. It was a total surprise. When it happened, few believed that the Brits had the will or the capability to take the islands back.

To the best of my knowledge, we did not have contingency plans against an invasion of the Malvinas/Falklands Islands by the Argentines. When this happened, we became heavily involved in efforts to try to get the Argentines to withdraw their forces voluntarily. When the Brits embarked on a military response, we were caught in a real quandary. We didn't have a contingency plan for this either! I've got to say that sometimes things happen that you don't anticipate.

Q: I think most of the time they do. This was basically a stupid decision on the part of both sides, but particularly on the part of the Argentinians to do this.

MORLEY: It was viewed as a gambit by the government of Argentina. The government of Argentina had lost a lot of its credibility and a lot of its influence, a lot of its support among the Argentine people. We felt at the time that the seizure of the islands by the Argentine

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military was an attempt to restore the popularity of the Argentine government, to give it a new lease on life. I think that this assumption was correct. I remember reading reports from our embassy in Buenos Aires that the people of Argentina apparently supported very strongly the invasion. There were big demonstrations in front of the presidential palace and elsewhere in favor of this decision by the military government.

The British response also caught us by surprise. At the beginning, we speculated that British military preparations were designed to put additional pressure on the Argentines to withdraw, but they were not serious about invasion. When the British initiated military operations, we were caught in a real dilemma. There was a faction within State that said that we should support the Brits because they are our NATO partner, because the Argentines were the aggressor in this case, that negotiations had been going on and there was still prospect for a peaceful solution of the problem, that the Falklanders wanted to remain British, and finally, in terms of US global interests, the British were important to us in ways that Argentina could never be.

There were others who said we had to support the Argentines because, even though the British were a NATO partner, we were not bound to support them in every situation, especially where they seemed to be acting against US regional interests. Further, the British reaction was mostly a function of domestic politics. The British had little at stake in terms of national interests. Finally, we believed that support for the British would carry a price; we would lose a lot of influence in the region and compromise our ability to achieve other goals in the hemisphere. So, there was sort of a dichotomy within the Department as to how to proceed. What happened was that we did little in support of either side.

Q: It's very interesting to look at interdepartmental conflicts. Very obviously, the European Bureau could see one side, the Latin American Bureau another. But this was an invasion, no question. On the other hand, the island seemed to have little political or economic importance. The citizens of the Falklands and Malvinas were sheep herders.



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MORLEY: About 10,000 people. More sheep than people.

*Q: It's like Vermont - more cows than people at one point. They were obviously pro-British.*

MORLEY: The Falkland Islanders were strongly pro-British. According to our best information, they did not want to become citizens of Argentina.

*Q: Very often, there isn't any particular clash between the Latin American Bureau and the European Bureau. They each go their own way. But here is a classic case... Was there a clash between almost bureaucratic cultures? How did this work out in your perspective?*

MORLEY: We thought that the European Bureau was being a bit myopic about the whole thing. We doubted that the British government would do anything drastic in terms of its relationship with the United States because of our policy on the Falklands.

We wanted the two sides to settle the dispute amicably if possible, but wanted to adopt a neutral stance in terms of the military confrontation. We did not advocate any kind of support for the Argentines, as EUR was advocating for the British. In sum, we doubted seriously that a neutral posture would do little damage to our relationship with the UK, while it could gain us influence in Latin America.

*Q: How did it play out from your perspective?*

MORLEY: We were active on the diplomatic front. I think the Secretary was engaged in shuttle diplomacy at the time and we were doing the backup papers for him. But by the time the seventh floor was engaged, the time was past for negotiations. The two sides were too far apart. Britain had laid its prestige on the line, while an Argentine withdrawal would mean the demise of the military regime in Buenos Aires.

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We watched the British mobilize. We watched them send naval forces to the South Atlantic. We watched battles take place. But nobody was convinced of the seriousness of the British intention until the sinking of the Argentine cruiser, Belgrano.

*Q: This was the cruiser.*

MORLEY: The Argentine cruiser. I believe it was outside the so-called war zone declared by the Brits. It was torpedoed by a British nuclear submarine. There was great loss of life in part because the Argentines didn't expect the attack and reportedly weren't well trained in damage control techniques.

*Q: This was an old ship. It was a World War II American cruiser.*

MORLEY: Yes, but it was a disaster. There was a lot of loss of life. Our feeling was that the Argentines felt up until the last minute that the British mobilization was not a serious threat, that it was posturing to increase diplomatic pressure to get the Argentines to withdraw from the area. When that event happened, then the Argentines realized the British were serious and had a war on their hands. We also became convinced that the British were serious and that we had a war on our hands. Shortly thereafter, the British sent in a force to some of the minor islands.

*Q: We don't have it right on the mark here, but it was the Georgi Islands or something, which are farther out in the Atlantic.*

MORLEY: Which are some distance from the main Falkland Islands. The British invaded and took them back. A British task force, including at least one carrier, appeared in waters to the east of the Falklands/Malvinas Islands and started reconnaissance flights and other military operations, followed by landings on the main islands. The Argentines seemed ill-prepared to resist the British. Reportedly, after their successful seizure of the islands, the Argentine Government had decided to withdraw their invasion force and replace it with units of lesser quality. Less capable garrison type troops were sent to the islands to

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maintain control. So, I don't really think Buenos Aires expected a serious military response on the part of the British. When the British landings took place, the Argentines had to fight with what they had on the islands, because the British controlled the sea. The Argentine Air Force also played an important part and performed better than any other branch of the Argentine military.

Q: I'm sure information was coming to you from the other Latin American countries as this thing first happened and then the showdown became more and more apparent. In the first place, the Argentine government was held in a certain amount of abhorrence by most of its Latin American neighbors, but at the same time...

MORLEY: There was an ambivalence on their part. Yes, a lot of Latins viewed the government of Argentina as undesirable. On the other hand, a number of the governments of South America at least were military at the time. So, the responses, the reactions of the various governments of South America, which were the key to the whole thing, ranged all over the place. I think it can be said that the Chileans and probably the Uruguayans tended to lean toward the British, although not actively supporting the British. The Peruvians, if I remember correctly, actively supported the Argentines, providing military equipment. The Brazilians stayed studiously neutral. So, there was a wide range of responses from the South American governments for whom the crisis was most germane.

In many cases, it was for reasons perhaps unrelated to the Malvinas/Falklands crisis itself. Argentina and Chile were traditional enemies. So, if Argentina was in trouble, at least diplomatically, the Chileans were going to lean toward whoever was giving Argentina problems. There are a lot of historical ties between Uruguay and Great Britain that probably influenced that government to take at least a benign view toward British activities in the area. It ranged all over the place.

Q: As this crisis developed, if for no other reason than when it was a choice between the British and the Argentine government, particularly the type of Argentine government, within

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the American public I don't think there was any real conflict as it went forward and as it was presented. Here was the British doing a rather amazing job at tremendous distance of taking back their islands. This was American public opinion, I would say. What was the feeling that you got from your vantage point about a) what was this whole thing doing to posture in Latin America and b) there was certainly more than tacit cooperation between our military and the British military as things developed.

MORLEY: As things developed, yes. We felt about the Argentine decision, especially when it became obvious, that world opinion was gradually swinging against Argentina both because of the reputation of its government and because it was confirmed as the aggressor. It probably strengthened our hand in terms of trying to influence the Argentine government to create a transition. Certainly as the Argentines suffered defeat after defeat in the Islands, the government of Argentina became weaker internally. It became evident to the Argentine public that the military not only couldn't handle economics and politics and didn't have a decent human rights record, it couldn't even do what they were supposed to be experts at - that is, conduct an effective military campaign. So, they lost all credibility as a result of their adventurism. As the outcome of the conflict became clearer, our assumption was that it would strengthen our hand in terms of restoring democracy to Argentina. This is what we were saying to the seventh floor and to the White House in position papers, that there was some good coming out of this. It probably hastened the demise of the Argentine government and a return to democracy. That's what happened. For the reasons that I stated earlier, we hoped a successful transition in Argentina would probably influence developments in Uruguay and, to a lesser degree, Chile and perhaps elsewhere in South America.

*Q: During the height of this crisis, did proponents of one side oanother in Congress come at you?*

MORLEY: Not that I recall. I don't recall any serious congressional intervention in the issue. They wanted statements. They wanted testimony. They wanted to know what was

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going on. Congressmen asked searching questions about the impact of this development on the British credibility, Argentine credibility, Britain's diversion of important military resources away from NATO and toward what amounted to national interests and that kind of thing. But I don't recall that there was strong congressional criticism of the Department's policy with respect to the Islands and the Argentine decision to go in there.

Q: Moving back to the center of our concern, you were there during sort of the buildup of major concern over Central America.

MORLEY: I don't think it was so much a buildup. We had been very concerned about Central America for several years before Reagan came to be President.

*Q: Was there any significant change in how you went about your approach with the Reagan administration on Central America?*

MORLEY: A change in our approach from the beginning of the Reagan administration and post-Falklands?

*Q: I'm sort of putting the Falklands to one side. The Reagan administration came in in '81 and you were there until '82.*

MORLEY: I was there until '82.

*Q: Was there a change in attitude or approach on Central America?*

MORLEY: On the part of whom?

*Q: On the part of ARA.*

MORLEY: Let me take this path in answer to your question. As I said earlier, the first thing we had to do was to write a very paper on Central America, the history of the present

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crisis, and what our regional interests were. This was when John Bushnell was still Acting Assistant Secretary.

Then Tom Enders came into office as Assistant Secretary. I think he took some of the rough edges off of the hard line policy advocated by the transition team. Although military assistance to the region was resumed and increased, we pursued other options as well. We promoted elections in El Salvador. We intensified military training and reoriented it to include sessions designed to increase respect for human rights and civilian government.

There were a number of congressional critics of our policy no matter which direction it took. It seemed to us at times to be a no-win situation. There was a very tight control exercised by the Congress and specifically by the Senate and House Foreign Affairs and Foreign Relations Committees over what we were up to in Central America, especially El Salvador. They put limits like a limit to how much military assistance we could provide to the government of El Salvador that was fighting the insurgency. There was a numerical limit placed on the military advisors that we could have at any one time in place in El Salvador. Don't forget that this was a time when everybody was very much aware still of Vietnam and how we gradually escalated from just a few advisors all the way up to a major military involvement. This was the context in which many congressmen were considering this problem. Many of them took different approaches. Some of them said, "Hey, if you, the State Department, and the administration hit them hard with overwhelming force right now, we could force an outcome that was favorable to our interests, whatever that may be." On the other hand, there were others who said, "We don't want to get involved like we did in Vietnam. We're going to put a very tight rein on what you do and we're going to scrutinize you very carefully." This was the policy for at least a year for the remainder of my time in PPC in dealing with Central America. They kept very close tabs on what we were up to in Central America in both Nicaragua and El Salvador.

*Q: When did you leave in 1982?*

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MORLEY: I think I left in July.

*Q: By this time, what was your impression of whither Nicaragua with the Sandinistas?*

MORLEY: I thought that the Sandinistas had taken effective control of the government of Nicaragua. I thought that there was no immediate prospect for a change in the situation. I thought that the Nicaraguan government was trying to develop ties with both Cuba and the USSR in a way that would not permit either of these two countries to dominate Nicaragua, but certainly would result in substantial assistance to the government of Nicaragua in its relationship with the United States.

I remember at one point that I was asked by the Bureau to accompany a congressional delegation to Central America. The delegation was headed by then House majority leader Jim Wright. We went to visit Nicaragua. At the time, Jim Wright was not hostile to the Sandinista government, nor was he a very close friend of that government. He went there probably with the intention of making up his mind. I don't know if the Sandinistas understood who this man was and that he was one of the most powerful political figures on the Washington scene. But Jim Wright came away angry. The Sandinistas had done several things which irritated him and which were probably senseless, especially with the benefit of Monday morning quarterbacking. They harassed his delegation whenever they took pictures. At one point, some soldiers came into the hotel, came up to the floor where we were, and took film away from people who had been taking pictures of various scenes during their visit, including from their balcony and so on - that kind of thing.

Wright did not have the opportunity to have a serious dialogue, unless he did it on the QT, with any Nicaraguan leaders of serious influence. He was received by people who gave him the party line but didn't really have much to say. Then shortly after he left, one of the most prominent Nicaraguan leaders went on a visit to Moscow. I think it was Ortega.

*Q: He tended to go to Moscow.*

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MORLEY: That really turned Wright off. He felt rebuffed during the visit, and insulted that Ortega had chosen to go to Moscow shortly after his visit. That was my perception of his attitude. I'm not sure that they understood who Wright was and what possibilities this visit could open up for them or whether they had deliberately decided that there was no hope for good relations with the United States. I've never reached the satisfactory conclusion on that issue in my own mind. I don't know what the answer is.

*Q: Was the Caribbean Basin Initiative during your time?*

MORLEY: This was during my time. Tom Enders was a very strong advocate of trade and investment, not aid. What he tried to do was use the Caribbean and Central American area as a demonstration of how to achieve development without involving massive official aid flows.. The idea was, of course, to encourage U.S. investment in the area through tax incentives and to encourage the development of industries in these islands and in Central America by permitting them one-way free entry to the United States without demanding reciprocal concessions from the governments involved. He presented this policy to Congress in the expectation that Congress would be receptive. Congress at that point was willing to try almost anything to restore the situation in Central America. In addition, it was argued that no matter what happened exports from the region to the United States weren't going to have any real impact on the U.S. economy and tax incentives given to the companies who were willing to invest in export industries in various countries were also not going to have a real impact. They could have an impact on the country involved (Grenada, Barbados, Costa Rica, whatever), but on the U.S. economy, it was a fly, it was a gnat, it wasn't going to have any visible impact. So, the attitude of Congress seemed to be as much "Try if you want" as anything else

*Q: You were there during the early approach to this Basin Initiative?*

MORLEY: Yes. Q: What was our perception being received in the Caribbean Basin?



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MORLEY: Among the Caribbean islands, it was received, I think, enthusiastically by the governments involved. They were gradually being weaned from their British ties, and they weren't quite sure where their future lay. Stronger bonds with the US seemed a reasonable option. In any case, they were enthusiastic about it. Costa Rica liked the idea as well. The other Central American countries, I don't think they paid a lot of attention to it. El Salvador, Nicaragua, Guatemala all had problems of their own. The CBI didn't seem to be of very great significance to them. I guess that's how I would characterize the responses of the governments affected.

*Q: Was Grenada an issue when you were there?*

MORLEY: Grenada was an issue while I was there. Grenada was invaded by U.S. forces and the Cubans were, in effect, thrown out of the island. This operation by the United States was something that I did not get involved and was totally unaware of until the invasion was imminent and was starting to leak to the media. It was very tightly held and it was something that was orchestrated, I believe, largely between the Department of State's seventh floor, the White House, and the Pentagon. While Assistant Secretary Motley was kept informed of what was going on, I'm not aware that others in the Bureau knew. It was very, very tightly held. We were not asked our opinion. We were not asked to comment in any way, shape, or form on that operation. We watched and the outcome, of course, was a favorable one. The Cuban influence in Grenada was reduced, seriously compromising their ability to support their activities in Africa because Grenada was an important stop for aircraft. We weren't sure that it wasn't a sledgehammer hitting a tack, to be honest. I'm not sure to this day whether that was the case. Grenada could have been isolated and perhaps other things done, I don't know. Clearly, the decision to invade was made outside the Bureau, perhaps outside the Department.

*Q: Were you involved in Cuban affairs at all or was that off to onside?*

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MORLEY: Only when the Mariel exodus occurred. We got involved in developing options for dealing with the situation. It was a serious emergency. Apparently there were no contingency plans. The Cuban Affairs Office was inundated. It was flooded with requests to feed the media, to prepare position papers, to try to come up with a strategy to get Castro to back off from abetting this illegal immigration and to do what the government of Florida, the Governor wanted. The Florida congressional delegation was making a lot of noise about it. So, we functioned in our role as a fungible resource again for the Bureau, became involved in efforts to get the Cubans to back down.

*Q: What was the feeling at the time? You say Cuba was at its peak of influence.*

MORLEY: Yes. That was the subject of some concern to us throughout this period. I'm not quite sure of my facts right now, but I think that Cuba was a major candidate for the Presidency of a major Third World organization and had also been a strong candidate for a seat on the UN Security Council. In places like Grenada and Nicaragua, it seemed like their influence was growing. We were particularly bothered by Cuban activities in Africa, especially in Angola in support of the Angolan government against a strong rebel movement (UNITAS) who were supported by the South Africans, and in other places in Africa. We viewed Cuban activities in these areas as nothing but troublesome. We wanted to get them to back off. But they stayed very active until I became Director for Cuban Affairs when we finally reached a six-nation agreement on Africa, including Angola, South Africa, Cuba, the United States, the Soviet Union, and a delegation from Namibia.

*Q: Also, I might point out that in '79, the Soviets had gone into Afghanistan. This also seemed like an expansion of communist power in the world.*

MORLEY: That expansion to Afghanistan, to a certain extent, compromised Cuba's ability to influence events in Latin America because it revealed that the USSR wasn't all that it was painted to be, that it could behave like an old fashioned aggressor and that it, too, could do things like pouncing on what it thought to be a helpless country for what were

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perceived as purely geopolitical reasons. So, Afghanistan probably compromised Cuba's influence in Latin America, at least to a marginal extent.

*Q: While you were in Policy Planning, did Ronald Reagan make hitrip throughout Latin America during that time or did that come later?*

MORLEY: He didn't make a major trip to Latin America during my tour,no.

*Q: Where did you go after this?*

MORLEY: I was assigned in 1982 as Deputy Director for Mexican Affairs in the Bureau until 1983. I was there for one year. After about three months in that job, I became Acting Director because the Director, in part because of differences with Ambassador Gavin in Mexico, was relieved and transferred to another job. His permanent successor was not chosen for about four or five months. The new Director was Gavin's former DCM. I stayed in the Office of Mexican Affairs for one year and moved on to be Country Director for the Southern Cone countries, Argentina, Chile, Paraguay and Uruguay.

*Q: This might be a good point to stop. We'll pick this up the next time when you're working with Mexican Affairs from '82 to '83. I want to talk about Ambassador Gavin and the Foreign Service and how he operated and also what issues occupied your time in that period.*

*\*\*\*Q: Today is August 12, 1997. We're not at '82 to '83, Mexican Affairs. When you went to Mexican Affairs, what were the issues and problems as you saw them that you were hearing about from ARA?*

MORLEY: First of all, let me say that I was impressed by the range and variety of issues that we were involved in with the Mexicans, including almost anything that had a domestic dimension to it. This included issues such as the environment, water resources, electric power generation and distribution, air pollution, immigration, law enforcement, narcotics,

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trade, almost anything you can imagine. The most immediate problem, however, was Mexico's financial situation.

Several days before I arrived, Mexico's government had announced that it could no longer honor its dollar obligations. Before I reported for duty on the Mexico Desk as Deputy Director, Treasury and the State Department and others, including, I guess, the Fed and Commerce, had been working frantically over the weekend to try to put together a package that would help the Mexicans deal with the immediate and longer term problem. But I wasn't involved in that weekend's work. When I reported on Monday, the phone was ringing off the hook with calls from American citizens who had purchased dollar obligations guaranteed by the Mexican government at an advantageous interest rate and thought that because these obligations were dollar denominated, the United States government had an obligation to make good on any debt of the federal government of Mexico. That, of course, was not the case. We had to set up a special group or task force to deal with inquiries and give people the best advice that we could, including telling them how to go about seeking redress from the Mexican government. Since the Mexican government didn't know how it was going to get out of the crisis, it was just reassuring people that eventually, it would make good on its obligations.

Q: When you arrived, you were the new boy on the block. What was the feeling at that time by those in our government on the desk? What was going to happen to these debts?

MORLEY: At the time, we weren't sure. Mexico's recovery depended heavily on what kind of a response the United States and the IMF could put together. Of course, it also depended on the Mexican government's willingness to initiate new policies that would restore its financial situation and help prevent future crises of this sort. The greatest criticism of the Mexicans at that time was that the Mexican government apparently tried to prevent people from discovering that they were running out of dollars. As a result, we and the international financial community were surprised by the Mexican crisis, not that people hadn't been predicting it, but that it happened so abruptly. Over the short term, we

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gave them a loan designed to tide them over until they could get their house in order. In the meantime, they were under an obligation to get together with the IMF and others. They also depreciated the Mexican peso considerably, which benefited U.S. residents living in Mexico with dollar incomes, but penalized those who had invested in peso-denominated bonds.

Congress was alarmed, especially those members who represented constituencies along the border. American businessmen along the border had made a good living on trade with the Mexicans. As long as the peso was strong, they did very well. When the peso was depreciated, that business dried up overnight and many people suffered severely.

*Q: What was the corridor talk that you were getting when you arrive in this job about why Mexico had gotten into this state?*

MORLEY: Most people thought that the Mexicans believed that their oil assets would eventually bail them out and they could live on credit long enough for their oil production to come on stream. Big deposits of oil had been discovered in Mexico in the late '70s. This was the early '80s, the industry was developing rapidly, and they were hoping that this would prove to be the solution. In addition, the Mexicans wanted to hide the problems for domestic political reasons. There was an election coming up, I believe, in about a year. The major party, the PRI, wanted to avoid this problem surfacing during the election campaign. They wanted to deal with it after the elections.

*Q: You say you were the Deputy Director.*

MORLEY: That is correct. I was the Deputy Director under Frank Kriegler.

*Q: Frank did what and you did what?*

MORLEY: Frank basically was the outside man. When I talked to him about the division of labor, he said that he would be dealing with the Embassy in Mexico City on policy

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issues. He would also be dealing with the Mexican Embassy in Washington, Congress, academics, that kind of thing. He would be supervising the work of the office only generally, but would be representing the State Department in meetings outside of the Department such as in Treasury and Commerce and so on. We had a lot of problems, a lot of issues that involved Commerce, Agriculture, Justice, etc. and he was our man on that. My job was basically to be the inside man, to run the office, to make sure papers were prepared on time, that they were of good quality, that they were cleared throughout the community, and to backstop Frank whenever he needed backstopping when he was on leave or otherwise engaged. I also dealt with our Embassy on operational matters. That is to say, I maintained contact with people at and below the Section Chief level.

This division was not a hard one. I could talk to the DCM if that was warranted under the circumstances. But normally, that was the division of labor. In addition, Frank focused on political affairs and I would do economic and consular affairs. We had a man in the office whose only job was to deal with the Bilateral Border Commission. That was his full-time job. I was responsible for supervising him, too.

Q: To move down to some of the details, our ambassador to Mexico, could you describe him and the relationship with the desk from your perspective?

MORLEY: Ambassador John Gavin was a very strong willed person. To the best of my knowledge, this was his first ambassadorship. He claimed to have a good personal relationship with President Reagan, and I had no reason to doubt that. He was a very presentable, very genial kind of person in public. On policy issues, he had very strong ideas.

Frank, on the other hand, was a career Foreign Service officer who had worked on Mexican affairs off and on for a number of years and also was strong-willed. He was, at times, difficult to deal with, although he was always open with me and was always quite flexible in his dealings with me.

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The chemistry between Frank Kriegler and Ambassador Gavin was not good. This was evident from day one of my time in the Office of Mexican Affairs when Frank alluded to some tensions between the embassy and the desk in our initial meeting. I didn't make too much of it because, frankly, tensions between the desk and an ambassador (often times, a political ambassador) was not uncommon. It's something you live with, it's something you deal with. It's something that most often can be overcome. In this case, the chemistry was not good. The two were not able to get along. Gradually, tensions between Frank and Ambassador Gavin increased until they were unable to work together. I became the conduit in terms of communication with the embassy at all levels, because Gavin had told his people not to talk with Frank. Gavin started to pressure Tom Enders and Steve Bosworth, the ARA Principal Deputy, to transfer Frank Kriegler to another job, that it behooved our Mexican relationship to have an Ambassador and Office Director that could work together. Tom Enders and Steve Bosworth resisted this for some time. Finally, Gavin ordered that there be no communication between the Desk and Embassy personnel. I would call an Embassy officer, who would tell me he had orders not to talk to me.

Q: This is from the ambassador. MORLEY: This was all from the ambassador. We kept trying to get things back on the rails, but until Frank Kriegler left, it was not any good. As soon as he left, I was made Acting Director for a number of months until, I think, April of the following year. Things immediately got better. I could talk to Gavin when I wanted to or to the DCM at post, and everybody else. Overnight, things loosened up. Things got back on the rails.

Q: *Obviously, this was a difficult situation for you to be in.*

MORLEY: You could say that, yes. It was a difficult situation for me to be in because I felt a certain sense of loyalty to Frank Kriegler, who was having a real problem with the embassy, and to the Bureau, of course, which was trying to sort this out without making Frank Kriegler a casualty. I also realized, recognized, the need to maintain good communication with the embassy from the ambassador on down. When you're in the

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Foreign Service these days, you're on the phone or on e-mail all the time to make sure that there is a consensus policy and operational matters. I had never experienced a situation where this communication was totally cut off. It was a major handicap.

*Q: Particularly for that country.*

MORLEY: Particularly for that country.

*Q:* That country and Canada are so intimately tied in the United States that it's a constant... It's not like Togo or something, where you can go for a long time without communication.

MORLEY: I don't know what the origin of the problem was. The problem already existed before I got to the desk. I don't know what set it off in terms of the bad relationship between Frank and the ambassador. It was probably just bad chemistry.

*Q:* Do you have any reflections of Ambassador Gavin's style in running the embassy, not necessarily over the telephone, but people who had come back?

MORLEY: Shortly after arriving on the Mexico desk, I went down to visit the embassy and three or four of the consulates. It was an orientation trip. I spent three or four days at the embassy and was unable to really get a handle on the nature of the problem between the ambassador and Frank. What I did notice was that the ambassador ran a very tight ship. That is to say, people were very much aware of the need to clear things with the front office to a greater detail than I was used to, I would have had a tough time working under Gavin. My philosophy was always "Tell me what to do and leave me alone and I will get it done." Of course, this is an ambassador's right. He can run his organization any way he sees. But people were uncomfortable with it.

Let me give you an example. The Treasury Attache felt that he had two chiefs. One was his own agency back in Washington. The other one was the ambassador to Mexico. If



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a high-ranking Treasury official was scheduled to visit Mexico, the Attache was tasked by Treasury directly to write the briefing papers. He would do so and send them back without clearing it with the front office because he considered it to be an internal Treasury document. He would prepare a different set of papers for the Ambassador and other Embassy officials. This had been his practice before Gavin got there and nobody had complained about it. Gavin discovered it and only through the strong intervention of Treasury headquarters in Washington was the guy's job saved.

I would have thought that under most circumstances the Treasury attache should have shown his Treasury drafts to the embassy front office so the embassy front office would know what kind of briefing the Treasury official was getting, what issues he planned to raise. Had I been ambassador or DCM, I would have gotten on that man's back as well. But Gavin didn't just call the man in and ask him to change his practice. He was furious and tried to fire the man. Q: You talk about the front office at the embassy. I've never served there, but I heard talk going around, which was that Gavin arrived with some special assistants who had had no diplomatic experience before. They were known as the Temple Dogs or something.

MORLEY: He had two people with him in the front office. He also had a DCM, which was normal. I thought one of the people who was with him in the front office, a special assistant, was a career Foreign Service officer, but I may be wrong.

*Q: Maybe you're right.*

MORLEY: The other one was not, for sure. One of them was charged with following policy matters and the other one was responsible for following operational matters within the embassy. What this did to the DCM's authority, I can only guess.

This arrangement was not unheard of , especially for political ambassadors. The ambassador to India, the man who replaced Moynihan, also had two special assistants, at least one of whom was from outside the Service. While it was uncommon, it was not

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unheard of. My impression was that these two people discharged a lot of the functions within the embassy that would have normally been left to the DCM. I suspect that's because Gavin had a good relationship with them and trusted them a great deal. He told me during my first visit that he was the Ambassador appointed by the President. The Ambassador had given him the responsibility for representing the United States in Mexico. His staff had to understand they could not do things without his approval or knowledge. The same was true, he said, of Desk personnel. They were not to dispute the ambassador's suggestions or orders, but rather implement them. I took this as a warning.

The two special assistants, whose names I can't recall right now, were instruments of control to make sure that everybody understood exactly what the ambassador. The DCM normally exercised these functions. But in this case, Ambassador Gavin apparently relied more on these two people than anybody else.

Q: Speaking of policy, you mentioned the politics. Today, 1997, we're all looking closely at Mexico, which seems to be after 70 years turning into a more representative democracy with power going out to other parties. Was the fact that this was essentially a one party system a matter of any concern to us either that it should be more democratic or that it carried within it the seeds of discontent, unrest, and perhaps revolution or something of that nature? We're talking about the 1982-1983 period.

MORLEY: At the time, Mexico was considered a one-party country. The PRI was riding high and PRI candidates won most elections at all levels. While other parties existed, they did not have the political base to compete, especially for national office.

The concern in the Department of State was that the PRI was getting out of touch with the people of Mexico, becoming increasingly corrupt, actively preventing alternative parties from gaining any kind of strength or political base in Mexico, and that eventually this could lead to instability because political opponents lacked legitimate channels of redress.

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I can't recall, however, that we did anything much about it. Our concern was the stabilization of the Mexican economy. The Mexicans simply were not prepared to enter into a dialogue with us on the political situation internally in Mexico. They said the PRI was elected. They said that the elections were free elections and that the party represented the public will. They pointed to victories in local elections by PAN, an opposition party, as proof that the process was a democratic one.

PAN was an opposition party that occasionally won an election, even for a governorship up in northern Mexico. When I was there, they had the mayoralty of two cities - I think Guadalajara and one other one. But they weren't expanding their power base at all. PRI ruled the roost and seemed to have the support of most of the major political factors in Mexico, including the party itself, the military, the labor unions, the industrial leadership, the business and commercial leadership, the financial community, and so on. There seemed to be no major dissent except by minority groups in the south, and these were not considered serious.

Q: What about corruption at that point? Was that a concern either financially or politically to the desk? Was this something we were looking at?

MORLEY: Corruption was considered a major problem in Mexico. It was considered endemic and discouraged foreign investment in Mexico. It seemed that the Mexican elites, including the military, used corruption as a tool to protect their interests and enrich themselves. Even Presidents were not immune from this pervasive practice. And there was considerable evidence that the PRI often bought election victories through bribery and other means.

Other than that, I don't think that Mexico was considered to be extraordinary in the Latin American context. The situation was considered to be much worse in places like Venezuela, El Salvador, and Guatemala. Mexico was not considered a basket case on that score, although it was generally recognized that it was a prevalent custom. At the

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time, don't forget, Venezuela was still enjoying the oil boom. Carlos Andreas Perez - under him, corruption had blossomed, and many believed he enriched himself at the expense of the Venezuelan public.

Q: What about the military in Mexico? In reading the normal newspaper, one would often hear about the unions and the power of the unions, particularly the petroleum union, but the military seems to be almost a blank. They're called in and, if there is a small revolt somewhere, they usually do rather poorly.

MORLEY: The military was not considered to be corrupt to the extent that others were, although there was some corruption in the institution. We viewed them more as a militia than an army designed to engage in large-scale combat, more like a national guard. If they had a serious problem to deal with, they would probably take some time to get up to speed. Their first response would probably be inept. But they were relatively good in the Latin American context at bringing relief to people stricken by floods, some kinds of civic action works, and so on. Our impression was that nobody feared the military in Mexico like they did in Nicaragua, El Salvador, Argentina, or Chile. They weren't bad guys. They might not be the most competent, and sometimes individual units were brutal in their treatment of civilians, but they were helpful in time of crisis. In terms of putting down a rebellion, nobody really expected an awful lot of them. They weren't really trained for that sort of thing. At least, that was our perception.

Q: What about the problem of consular cases (arrests, things of this nature)? Did you get much involved in that and were there any particular problems?

MORLEY: We got involved in individual cases to the extent required. Basically, we had a pretty good relationship on this score with the Mexicans. The big event during my tenure in Mexican Affairs was the meeting of the Binational Commission, which involved the Secretary of State and the Secretary of Treasury. I think there were four Cabinet secretaries and 10-11 other agencies represented at the sub-Cabinet level. There were

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a number of things represented on our agenda, but I don't recall that consular affairs or protection of U.S. citizen interests was a high profile item. Other issues, mentioned earlier, loomed larger. San Diego had a major problem with ocean pollution because Tijuana, just south of the border, was dumping raw sewage right into the ocean. Because of the rapid growth of Tijuana at the time, the sewage treatment plant had become overwhelmed. What was designed to be short-term emergency outlet pipe to the ocean became something that was used constantly. There were a number of other issues. Consular problems involving protection of U.S. citizens did not loom large on our agenda at the time. Financial issues were important, very important.

*Q: What about illegal immigration? Was there any solution at that point seen or was this just something to be lived with?*

MORLEY: It was a major problem at the time. We were trying to stem the flow, at least partially, through the creation of jobs on the Mexican side of the border. Special companies, called "maquiladoras", were licensed to import and export semi-manufactured products on a duty free basis, thus creating job opportunities in Mexico. Other than that, I don't recall that there was any particular solution other than to get the Mexicans to discourage illegal crossing of the border. The Mexicans were irritated at the time because they thought that we mistreated their people in the United States and before they were returned to Mexico.

*Q: Could you explain in more detail what a "maquiladora" is?*

MORLEY: A "maquiladora" is, or was a manufacturing or service company located adjacent to the border with Mexico. Goods would come to Mexico from the United States and go into one of these plants, be processed, and returned to the United States without paying customs to either government (the United States or Mexico). There was an understanding that these plants could only be established within a certain distance of the border. I think it was something like 15 kilometers (roughly 10 miles). It was hoped that

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this would create job opportunities for them in Mexico and alleviate the illegal migration problem. It seemed to help, but there was a limit to what this concept could accomplish. When these enterprises were saturated with employment, the immigration went on. During the Commission meeting, we briefed the Mexicans about steps we were going to take to try to discourage illegal immigration and asked for their help.

There was a major surge in immigration at this time because of the financial difficulties in Mexico. Suddenly, a Mexican who could come here and work for \$3.00 an hour could go home and turn this into 500-600 pesos and his family would be very well-off. So, the honey pot of working in the United States became more attractive. Perhaps we never will.

*Q: What about drugs? Were drugs a problem at that time?*

MORLEY: Drugs were becoming a serious problem. We were concerned that tougher anti-narcotics efforts in the Caribbean would force traffickers to look to alternatives. Mexico would become an alternative route. We were working with the Mexicans to try to prevent this. But it was more of a "get ready for the battle ahead" attitude than it was "we have an immediate crisis on our hands." The problems were considered to be in the Caribbean and in Colombia at the time - and also Peru and Bolivia. We had decent drug relationship with Mexico, but everything was thrown off by the financial and economic situation. Restoring economic stability was the priority issue.

*Q: This was a time when we were having great concern about events in El Salvador and Nicaragua. Mexican foreign policy sometimes seems to almost exist on its own in that it takes a much more almost anti-United States stance than in most other fields, where there is really considerable cooperation. Did you see that at the time?*

MORLEY: There were a number of irritants that complicated our relationship with Mexico. Examples included not only Central America but also Cuba. The Mexicans had always retained a diplomatic relationship with Cuba under Castro. But such issues were considered marginal. Our relationship focused primarily on bilateral issues. Mexico wasn't

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considered much of a player in hemispheric affairs. It was not considered a stereotypical Latin country, but a North American country and our closest neighbor.

One of the exceptions was Mexico's policy toward Cuba. As I mentioned earlier, Mexico had always maintained a reasonably good relationship with Cuba under Castro. The Mexicans had maintained an embassy in Havana and allowed the Cubans to have an embassy in Mexico City. It was the only major Latin country that maintained diplomatic relations with Cuba during the entire period since the ascension of Fidel Castro to power in January of 1959. Most other countries followed the recommendation of the OAS and severed relations with Cuba in the early 1960s. Most of them subsequently reestablished relations. Mexico's support was important to Havana. It was possible to travel between Mexico and Cuba on commercial airlines. Imports from Mexico provided a means for Cuba to contravene our embargo. So Cuba was an irritant.

Another irritant was Mexico's predominant position in the Third World movement. Mexico, India, Malaysia, Indonesia, and other countries, Third World leadership countries, cooperated and supported initiatives that we viewed as counter-productive and certainly not in the interests of the United States.

Another area was Central America. The Mexicans never considered that our involvement in El Salvador made much sense. They were critical of our policy of pressure against the Sandinista government in Nicaragua and of our support for the government in El Salvador. We were concerned that the Mexicans were providing the insurgents or allowing the insurgents to be provided with substantial assistance in El Salvador and supporting the Sandinistas diplomatically and politically.

But I repeat, our bilateral relationship was considered to be the highest priority. While we dealt with other issues, we never let them... Neither side wanted them to interfere with the nature of the bilateral relationship. At the time, the conventional wisdom was that there was no relationship the United States had with any country in the world as intense as it

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had with Mexico. It was all bilateral. We needed each other. There was no multilateral OAS, no multilateral NATO dimension to it. There was no Mexican cooperation with the United States in sub-Sahara Africa or on the Pacific Basin Rim. While people could grandstand about third country issues like Cuba and Central America, neither side wanted that to complicate our relationship. Both sides raised these issues at times.

One Mexican official once told me that while the GOM was publicly critical of our immigration policy, privately a lot of Mexican officials could understand it because they had similar problems with illegal immigration from Guatemala into southern Mexico, creating employment problems, problems in terms of disaster relief and civil infrastructure, and all the rest of it, erosion of local sovereignty, and so on. They said they really had problems down there.

*Q: You left there in 1983.*

MORLEY: That is correct. After one year. By then, Ambassador Gavin's DCM had been appointed director for Mexican Affairs. Tom Enders, Steve Bosworth, and Bob Ryan had accepted the solution. Although Ambassador Gavin called me personally and thanked me for my contribution and role and my even-handed treated under very pressing circumstances, it was understood that the house had to be cleaned and that the old leadership in Mexican Affairs had to go. That is what happened. That is why I went. Frank Kriegler went off to the Office of the Inspector General. I'm not sure what happened to him after that.

*Q: He became an ambassador to...*

MORLEY: He was an ambassador in Africa before he went to Mexican Affairs. He was a DCM in Bogota and then office director for Mexican Affairs. Then he went to the Inspection Corps. After that, I don't know what happened to him, but I don't think he got any high profile assignment after that.



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*Q: I want to say that he became an ambassador to Honduras or ESalvador, but I may be wrong. Where did you go?*

MORLEY: I became Director of the Office of Southern Cone Affairs. I got a phone call one night toward the end of my Mexican tenure from Lowell Kilday, who was Deputy Assistant Secretary for South America. He said front office principals had been discussing assignments, and asked whether anyone had informed me what was going to happen to me. I said, "No." He told me I would be the next Director of Southern Cone Affairs. That is, in fact, what happened.

*Q: When you're talking about Southern Cone Affairs, what does that include?*

MORLEY: Southern Cone Affairs included four countries: Paraguay, Uruguay, Chile, and Argentina, all of the countries in the southern part of the South American continent. South America is shaped like a cone with a lump of ice cream at the top consisting of Colombia and Venezuela. At the time, all of South America was divided into three office directorships. One was Brazilian Affairs. The second was Andean Affairs. The third one was Southern Cone Affairs. Southern Cone Affairs had, at the time of my arrival, a whole basketload of problems. There were no democracies down there.

Argentina's military had been severely weakened by the Falklands affair. People in Argentina realized that not only could the military not run the country, not only were they brutal, not only could they not produce on the economic front, but they couldn't even do what they were paid to do. That is to say, they couldn't run a military operation. In addition, Argentina had embarked on a nuclear program that caused serious concerns.

For a number of years, Uruguay had been governed by a rather brutal but less publicized military regime.

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Chile, of course, was governed by Pinochet. General Stroessner was riding high in Paraguay and had been on top since at least the first Eisenhower term of office.

So, we had four military regimes in the Southern Cone, all at different stages of transition to democracy. Our overriding policy at the time was to foster democratic initiatives and democratic processes in all four countries.

*Q: You were there in Cone Affairs from 1983 to when?*

MORLEY: To 1985. My deputy was Dick Howard.

*Q: Reading these military regimes and our concern about democracy, how did you see them as far as their progress towards democracy when you arrived on the scene?*

MORLEY: We saw the best prospects for a return to democracy in Argentina. The military regime had stumbled badly in the Falklands-Malvinas War. Every indication was that they had lost credibility. There was general sentiment within Argentina that they had to go. We encouraged that process through diplomatic initiatives primarily. We promised various things. We promised to consider a resumption of military assistance, which the military was very much interested in. They had exhausted their inventory during the war. They had been for years unable to get essential training, equipment, and spare parts from the United States, their traditional source of supply. This was the carrot that we held out to the Argentines. But the dynamic forcing a return to democracy was an internal one. Outside forces, including the United States, were marginal. The British, of course, did not want us to have a good relationship with Argentina, but that is another story.

The second likely prospect was Uruguay. In the case of Uruguay, the military were not as politically weakened as the Argentine military were. But they saw themselves as having completed the job they took over to accomplish. The insurgency had been pretty well

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stamped out and things were fairly quiet. They seemed willing to return to the barracks provided the transition was peaceful and certain “radical” politicians did not participate.

In the case of Pinochet in Chile, there was a blueprint for the return to democracy. This was in the form of a constitution whose drafting had been overseen by General Pinochet, which called for a return to democracy within 20 years and included intermediate steps like legalization of political parties, legalization of mass meetings, etc. There was a roadmap blocked out in this constitution, but we were concerned that 20 years was a very long time and that at the end of the 20 years, we had no guarantee that Pinochet would stick to his guns.

The worst case was Stroessner, who governed Paraguay, traditionally with an iron hand. He was getting old and, while not considered senile was nonetheless considered to be getting out of touch with what was going on. We were concerned that his resistance to any kind of democratic reforms would lead to instability, a la Central America. That was the lineup.

Q: You say the overriding issue was the promotion of democracy. These are sovereign nations. The United States is far away. What were the instruments at hand and how were they used and how effective were they?

MORLEY: In the case of the Argentines, the tools that we used were promises of normalization of military relations and economic relations. The Argentine economy was in bad shape and we promised to intervene with the IFIs (international financial institutions) to help a democratic Argentina rebuild its economy. We made some promises to provide training, spare parts, etc. The high profile issue, the test case at the time with Argentina, was the sale of some aircraft (I believe they were A-4 Skyhawk aircraft.) to Argentina to replace losses during the Falklands-Malvinas War. The British resisted this with amazing tenacity. You can understand this because the Falklands War was only two to three years in the past. The Skyhawks were ground attack aircraft.

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*Q: Which was exactly the type of aircraft that one used to attack British naval forces.*

MORLEY: Yes. They also used Mirages. While the Skyhawk was basically a 1950s technology aircraft, it was still considered to be very good at its primary job, which was attacking ground and maritime targets. But its performance depended on how it was equipped, especially radar and electronic equipment used for fire control and navigation purposes. Without some kind of a guidance system, without some kind of sophisticated radar and so on, they were just a plane that would be fairly helpless against the more sophisticated British aircraft. It took a while, but we won both battles. ARA won the battle over EUR and British objections by making a convincing case, I would guess, that a democratic Argentina is not a threat to anybody. We had to go to the White House with the Secretary of State over the objections of the European Bureau and point out that there were a lot of pluses to agreeing to this arrangement and that, in fact, it would strengthen the democratic government against the military because it would be the newly elected Alfonsín government that got these aircraft for the military. The military did not get them for themselves. The sale of the aircraft would be a signal to the Argentine military that if they did not behave, this relationship would not continue, that it was only available under a democratic regime in Argentina. So, there were a lot of upsides to our sale and we managed to get it approved over British objections. I think the British succeeded in getting the quantities slowed down over a larger number of years and so on, but the symbolic effect was there. We had reestablished our military relationship, thereby improving Argentine military morale and strengthening the hand of the democratic government under Alfonsín.

*Q: What was the role of our ambassador and our embassy in this? How close was the cooperation with the desk?*

MORLEY: Very good. I had no problems with either the ambassador or the DCM. In fact, most of my communication with the embassy was through the DCM, John Bushnell. He had been a former senior DAS in the Latin America Bureau, but was one of the casualties

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of the Reagan transition teams. He had been a senior DAS during the last two years of the Jimmy Carter administration. We had two or three conversations by phone a week and I wrote a weekly letter to the DCM. The ambassador stayed pretty much aloof from this, but that was not a problem. Our relationship with the embassy was a very good one. We had a consensus on policy objectives and how to achieve them. It was probably the best working relationship I had with any embassy during my times as a desk officer or office director.

Q: When you say this was sort of a “battle royale” dealing with the British, how did this play out? ARA would present its case and EUR would present its case and then this would have to be decided? How did this work?

MORLEY: Yes. At first, we tried to work it out with the European Bureau directly, but they considered that the British relationship and the NATO relationship to be overriding. From their point of view, Argentina was in an unimportant corner of the world and it was more important to accommodate the Brits on this. So, papers went up to the Secretary of State and then eventually to the White House, where they settled in our favor. Each time, we had to go back to the drawing board and each time we had to prepare a paper that laid out our concerns and our position, both bureaus. When it went to the White House for a final decision, we had to do a combined paper with the European Bureau. The paper summarized both positions. The recommendation was that the White House make the decision. We won that one. I didn't really expect to. But the sale of a few aircraft was so important. A little gesture like that could be so meaningful in terms of our relationship with Argentina and so important for Argentina's democratic future and, to us at least, the cost to the British seemed inconsequential. But, of course, we had a biased point of view. We didn't really think that if we did this, the sale would prejudice our relationship with the British.

We presented Argentina as a breakthrough for democracy in a continent that was most military dictatorships. We argued that democracy in Argentina should be fostered because it was key to regional developments, especially in Uruguay. In Uruguay, the military

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considered that they had done the job that they came to power to do, that the terrorist threat had been eliminated. They were likely to follow the Argentine lead. If Argentina returned to democracy, then the Uruguayans would follow, both because the military regime would feel isolated, and because they could say, with some merit, that their job was finished; they had dealt with the terrorist groups that had threatened the stability of their country. We also expressed the hope that, once Argentina and Uruguay had returned to democracy, it would bring pressure on Chile to speed up their process. While this didn't happen, events in Argentina and Uruguay may have convinced Pinochet it was time to go when he lost a key plebiscite. We could not argue effectively that Paraguay would be affected, because that country was so isolated and lacked any kind of democratic tradition.

Q: What was the impression that you were getting from our embassy and from various sources on the Alfonsin government? Did one see this as a (Let's say that things fell right with the airplanes and other things.) going to really make a difference?

MORLEY: The Alfonsin government wanted very much to see the sale of aircraft consummated. We focused on Alfonsin as the symbol of the return to democracy more than we were focused on Alfonsin the man. We were delighted that there was a democratically elected President. If he wanted airplanes for his military, we were inclined to get them for him. We considered Alfonsin to be a strong democrat, that he had been elected by the people of Argentina, and that, therefore, he satisfied the important criteria in terms of our relationship. Before he became a candidate for president, we hadn't had many dealings with him. But he appeared to us to be a strong democrat and a man whom we should encourage and support. He was a person who seemed to get along with us, with whom we could have a dialogue.

There were a number of issues that we needed to talk about. One very important one was that Argentina had a relatively advanced nuclear program and was considered potentially to have the capability of producing a nuclear explosive. None of this was secret. It was

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discussed in the media, in Congress, and among those concerned with non-proliferation issues. We wanted that program terminated, or failing that, safeguarded.

A second issue was that of human rights. Here, the Alfonsín government and the Argentine people were struggling with the aftermath of military abuses. How far should the government go to persecute those who committed abuses during the military dictatorship. There was the danger that the army would move to defend its people, challenging the authority of the new government. Alfonsín and his people faced a dilemma. They did not want abusers to go unpunished, but they also wanted and needed military support for the fledgling government. That was an issue that lasted for a number of years.

Third, we wanted to help Argentina restore its economic strength. We could help with financial and technical assistance, both bilateral and multilateral, but the Argentine government would have to undertake reforms that involved sacrifices on the part of the public, at least in the short term.

Finally, we wanted to keep the military out of government, out of politics.

*Q: Did you see good progress on the nuclear side?*

MORLEY: Yes, we did. We anticipated that there would be some resistance to safeguards, but the Argentines simply didn't have the resources to finance an ambitious nuclear program. The military had all but destroyed the economy. In addition the new government (even if they had the resources to devote to a nuclear program) had other priorities. The military were proponents of the nuclear program; when they ceded power, government support waned. It turned out that the military forces were more interested in upgrading their conventional forces when the new relationship with the United States made that possible. So, we were able to gradually back them into a safeguarded program. That part of it worked pretty well. In fact, it may never have been a real threat. Do you understand what I'm saying?

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Q: Yes, *that it was a potential threat.*

MORLEY: It was a potential threat, but the program was in neutral at the time because of a lack of resources.

Q: *What about the economy? How was that going? Were we doing anything to sort of revive the...*

MORLEY: We were doing a few things bilaterally, but our major thrust was to work through the international financial institutions. We urged Alfonsín to negotiate an agreement with the IMF that would help bring inflation under control, reduce government deficits, and promote exports.

After World War II, Argentina was one of the richest countries in the world. It had a very high standard of living probably equal to Canada and approaching that of the United States. Certainly they were better off than most European countries. But under the Perón government and its successors, the situation deteriorated. The military proved inept as economic managers. Inflation was rampant. The currency was rapidly losing value. There was disinvestment in Argentina. That is to say, there was more money flowing out, being converted to foreign currencies, than there was money coming into the country for investment or savings purposes. Interest rates were lower than inflation rates. So domestic savings were down. If you put money into a savings account, it was worth less in a year in spite of the interest than it was when you first put the money in. Therefore, it made sense just to spend it or convert it to foreign currency and people did that.

We wanted the IMF, the Inter-American Development Bank, and other international institutions to put together a package for Argentina that, in the first instance, would be characterized by austerity. This, in effect, was done. The Argentines were experiencing such things as meatless Fridays and rationing of certain kinds of goods either through the price mechanism or indirect rationing. There were limits, I recall on purchases of



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gasoline and consumer goods, even food, including beef. The Argentines loved beef. So if they were denied beef one or two days a week to make more available for export, it was perceived as a real sacrifice. Other elements of the program included enhanced tax collections, reduced government expenditures, and measures designed to reduce the demand for imports.

Our approach depended on the issue we were dealing with. We worked bilaterally on the military front. We worked multilaterally on the economic situation. We worked both bilaterally and multilaterally - that is, bilaterally and through the IAEA - on the nuclear question.

*Q: Were there any particular international issues that affected your relations with Chile, Brazil, or even the Brits at that point?*

MORLEY: As I mentioned earlier, the British tried to influence our policy with Argentina. But other than that, I don't recall that there were any multilateral issues that became an important factor in our relationship with any of the Southern Cone countries. Over time, Argentina became a player in multilateral initiatives. Argentina, for example, sent personnel and naval units to the Persian Gulf War and also provide some support for UN efforts to stabilize the Balkans after the breakup of Yugoslavia. The government considered involvement in UN peacekeeping activities to be an important way to develop the professionalization of their military and give them a morale boost, a sense of purpose. But none of the others did that kind of thing.

*Q: What about the "disappeared ones?" Was that an issue for us?*

MORLEY: In both Argentina and Uruguay, it was an issue for us.

*Q: Could you explain this?*

MORLEY: What happened during the military governments, especially in Argentina but also in Uruguay, was that paramilitary and military groups would kidnap opponents or suspected opponents of the military regime. At times they took family members, including children, as well. Victims included terrorists as well as those who opposed the government on human rights or political grounds. They would simply disappear and never be heard from again. After the return to democracy in these countries, organizations were set up to try to trace the disappeared and find out what happened to them and to try to bring to justice those who were most involved in this practice. But both Presidents Alfonsín in Argentina and Sanguinetti in Uruguay were reluctant to push this issue too hard for fear of arousing the ire of the military and thus threatening the stability of their government. Especially in Uruguay, even after the return of democracy, the military had the capability of being a threat to the government. But organizations were set up to ascertain the fate of the disappeared. In some cases, they were successful. In other cases, they were not. In some cases, the disappeared were dead. In other cases, they found that the disappeared, especially in the case of children, had been adopted quasi-legally or informally by other families. But while we considered the issue of the disappeared to be an important one, we thought it was one for the Argentines to resolve for themselves. We thought it was both inappropriate and counterproductive from a policy point of view to try to overtly influence either government in this connection.

We believed that, on the one hand, the new democratic governments had to do something to satisfy the need and the demand for justice. But at the same time they could not risk alienating the military. In the case of Argentina, it was because they wanted to nurse the military back to health. In the case of Uruguay, it was primarily because the Uruguayan military was still in a position to topple the fledgling government. They weren't much of a military organization, but they were certainly capable of doing that.

*Q: Turning to Chile, what were the issues and how were we dealing with them?*

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MORLEY: There were a number of issues. Let's take the upside first. There was a lot of admiration and respect within the government, especially within certain elements of the State Department and Treasury, about the economic policies of the Pinochet government. Under Pinochet, Chile was gradually evolving into the strongest economy in South America, with the possible exception of oil-dependent Venezuela. It was a diverse economy. Government policies encouraged free enterprise, privatization, all of these things.

On the political side, we were faced with issues such as speeding up a transition to democracy in Chile, the return of the military to its barracks, the election of a new president, and fostering improvements in the human rights. Especially right after Pinochet came to power, and to a lesser degree during his entire tenure, there was a lot of abuse. For the most part, abusers were not brought to justice by the Chilean government. The army used such tactics to control dissent.

Pinochet exercised a very tight control over his country. In part, this was because people remembered the chaos under Allende and in part because he did not hesitate to use force to impose his will. He was also an astute politician. He was smart enough to lay out a blueprint for the return of democracy and he promised to stick to it. This helped quell dissent because many saw an end to the dictatorship, without resorting to violence. And he seemed to be keeping his promises. At the time specified in the constitution, political parties were allowed to organize themselves. After a while, he tolerated public assemblies where political issues were discussed.

We used to go down there and meet with General Marino, who was the number two man on the military junta and also the person who seemed to be the designated dialoguer with American visitors, to try to speed things up. In effect, they said "No." We offered the carrot of an enhanced military relationship and they said they didn't need that. Under present circumstances, we're not threatened by the Argentines and there is nobody else. We certainly have the resources to control the internal situation." So, I would say that

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we did not have as effective policy tools to work with the Chileans as we did with the Argentines. We had no meaningful leverage to get them to speed up the process of return to democracy and we were never able to do this.

*Q: What about the Latelier case?*

MORLEY: The bombing incident here.

Q: Here in Washington, in which a dissident activist, Latelier, was killed in a bomb blast at Dupont Circle. His car blew up with an American in it. This was a running sore with us. This was an assassination carried out in the United States. Were you able to get anywhere with that?

MORLEY: No, we got stonewalled. They said it wasn't their problem; it happened in the United States; it was a terrorist that did this and not an agent of the Chilean government. Certainly they were not about to concede anything on this. The Chilean government was much more confrontational than Argentina or Uruguay during this period of time. They would simply stonewall us because they considered that on an issue like this they didn't have to concede anything. They didn't need us for anything. They were going to go their own way.

*Q: How about with Paraguay and Stroessner during this time?*

MORLEY: General Stroessner... I only visited Paraguay twice during the two years I was director for Southern Cone Affairs. I saw General Stroessner on both occasions. My impressions were as follows:

-The people of Paraguay were not unhappy with the Stroessner government. While there was a good deal of corruption and while Stroessner was seemingly getting increasingly out of touch with the situation, he was a national hero. He had helped rebuild Paraguay from the ruins of a devastating war.

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-He appeared to be responsive to the needs of his people. When you traveled in the country, you would see housing projects funded by the government. The homes probably had not much more space than this room, but it was theirs; they had legal title to it; it was on a patch of land big enough for them to be able to grow some food items, keep a goat, or whatever, but the most important thing was that they had title to it and they were proud of it. Roads were being built. At least in the major urban centers, education was gradually being made available to people. These weren't great achievements, but they were something tangible that the Paraguayan people could point to.

-Finally, the Paraguayans had never experienced democracy, only a series of strong men. To them, a relatively benevolent dictator was perhaps the best they could expect.

So there was no real threat to Stroessner regime from the people. There was no significant dissident movement. There may have been, and probably was, a threat from the people around him, the threat of a palace revolt, but that didn't happen for many years after I left. There was never a popular insurrection in Paraguay.

Stroessner's demise resulted from the fact that he got out of touch and was losing his grip over events in Paraguay. In the end, it was this that destroyed him, not popular dissatisfaction with his government. It was a palace revolt.

Stroessner was a person that was difficult to talk to. In my two meetings with the man, if I tried to bring up a substantive issue, he would somehow get off on reminiscing about his meeting with President Eisenhower during his official visit to Washington in the fifties. He recalled what good friends Paraguay and the United States were in those days and how he couldn't understand why it was no longer possible to have this kind of strong relationship between the two countries. Or he would reminisce about his early days in the military and in politics and the Chaco war that had devastated Paraguay 50 years before as if it were yesterday, as if it were something that was a major policy concern to him now. He could cite amazing statistics. He could tell you what percentage of the total population

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of Paraguay was killed off in that conflict, what percentage of the young male population was killed off in that conflict, but when it came to current economic and political issues, he started to get vague again. In other words, he lived in the past, but he was still in control. He was still in control because he was a hero to a lot of the Paraguayan people at the time and because he was doing things for them, things that were tangible, not things like cutting a deal with the IMF that the ordinary person couldn't understand. He was giving people a little 20x20 house on a one acre piece of land that was theirs, that they had title to, that they had never had before. Maybe all of a sudden in their village or town there was a school that could give their kids three years of education, teach them to read and write. He was a dictator and he could be vicious when he wanted to, but most Paraguayans considered him to be benevolent and a national hero.

*Q: Why don't we stop at this point? We've come to 1985. What happened in 1985?*

MORLEY: In 1985, I was assigned to Quito, Ecuador as deputy chief omission (DCM).

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*Q: Today is August 19, 1997. You were going off to Quito in 1985 as DCM. How long were you there?*

MORLEY: I was there for three years, from 1985 to the summer of 1988.

*Q: Was there any selection process in this? Did you have to be vetted by the ambassador and all that?*

MORLEY: The ambassador was also a new appointment, Fernando (Fred) Rondon. He was a career Foreign Service officer. He was going down to Quito at the same time I was. I met with him and was interviewed by him early in the spring of 1985. I was apparently the Bureau's candidate for the job. The personnel system had another candidate for the job. He was interviewing both to see which person he would prefer to be his DCM. When I met

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him, he had not yet been confirmed by the Senate. That took quite a bit of time. In fact, he expected to be at post sometime in early June. His predecessor was leaving then and, I believe, retiring from the Foreign Service. Because of delays in the confirmation process, he asked me to go down two or three months earlier than I had anticipated. So, I went down in June, was accredited as charg# d'affaires, and served in that capacity for almost 90 days.

*Q: When you arrived in Ecuador in 1985, what was the situation botinternally and then vis a vis the United States?*

MORLEY: Ecuador was a small country that wasn't receiving a lot of attention from the Department of State. It was a country that had just elected a new president, Leon Febres Cordero. He was a businessman from Guayaquil. He believed that private investment and market-oriented economic reform was the way of the future for Ecuador. He was perceived as being a strong democrat who would take steps in the political reform area to help strengthen the democratic processes in Ecuador. Ecuador was a member of OPEC (Organization of Petroleum Exporting Countries) at the time, but a small producer of oil.

*Q: OPEC was basically a government to government attempt to creatan oil cartel.*

MORLEY: It was an attempt to create an oil cartel. Many of the members were Middle East countries, but OPEC also included countries like Nigeria, Ecuador, and Venezuela. In fact, Venezuela was one of the founding members of OPEC. Ecuador was a minor player in OPEC politics. When we were undertaking an initiative with respect to the OPEC group, we usually went to the Saudis, the Venezuelans, the big producers, if you will, rather than the Ecuadors, the small producers of the group.

Ecuador was not a major narcotics producing or trafficking country, but it was surrounded completely by two countries: Peru and Colombia, both of which were and remain heavy hitters on the drug scene. We discovered some coca production up north. We estimated there was probably 2-3,000 hectors up along the Colombian border managed

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by Colombian cartel members. These plantations were, in essence, an adjunct of the drug production efforts in Colombia. Since the border was ill-defined and policed practically not at all, the drug lords of Colombia had started to move into northern Ecuador to enhance their production capabilities. As far as I can remember, there was no refining taking place, just production of coca paste.

Q: Did we make any representation to the Ecuadorian government to go in there and clean that out?

MORLEY: Yes, we did. While I was there, I was in charge of our narcotics effort, which seems to be the lot of every DCM worldwide. We persuaded the Narcotics Bureau in the Department of State to appoint a narcotics coordinator, a State Department employee whose full-time job would be to look after narcotics, to coordinate activities with DEA people at post, to liaison with the government on operational matters and, in effect, to manage U.S. assistance and support for the narcotics effort in Ecuador. We got the military involved. We leased their helicopters. We used the military for eradication purposes. The army would go out in helicopters and land on the middle of plantations, secure the area, and then destroy the crop. This went on for about a year and a half.

Toward the end of that period, DEA concluded that, for all practical purposes, coca cultivation in Ecuador had been eliminated. There was no serious resistance to the government effort. From the point of view of the Colombian drug lords, Ecuador was a minor sideshow. If they lost a couple of plantations, they weren't worried about it because it represented very little of their total production. Their people apparently had instructions to just take off, leave, if helicopters came and soldiers were landing. To the best of my knowledge, they never offered any resistance. For about three months, we enjoyed a place in the sun in being the only country that had eliminated coca production within the borders of a given country. We had a fairly good stream of congressional representatives, DEA, and other politicians from Washington coming down, all of whom wanted to get their picture taken pulling up a coca plant by the roots. They all got their photos.



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*Q: I almost have a vision of sending your officers out at night to plant coca plants for them to pull up.*

MORLEY: What we did was chop the roots so that the plant could be easily pulled out. You don't pull coca out by its roots easily because the root structure is very strong. We got their photos. It was good public relations. In addition, because it involved the military, the army, and because it involved use of their equipment, primarily helicopters, Ecuador and army personnel were getting operational training at our expense that they would not otherwise get. They had to plan an operation, go in, secure the area, eliminate the coca, keep their people in the field for two or three days, and then take off. Their helicopter pilots got operational training at a time when the military budget permitted almost no operational helicopter flying hours for active duty pilots. We were giving them this kind of training as well as using them for our efforts.

*Q: What about the perpetual thorn in the side between the United States and Ecuador, at least, previous tuna fishing? Had that been pretty well taken care of?*

MORLEY: That had been pretty well taken care of by the time I got there. But there were other issues. One was the border problem with Peru. Back in 1941, Ecuador and Peru went to war because of a border dispute. Ecuador claimed territory that would have extended its border eastward until it reached Brazil. Peru actually controlled this area.

To defuse the issue at a time when war was being waged in Europe, which we were being drawn into, the United States, Brazil and Chile brokered an agreement between Peru and Ecuador. Under the 1941 treaty, we became a guarantor of the agreement. The treaty defined most of the border in favor of Peru, but one area, about 50 miles long, was not defined because of the difficulty of the terrain. The treaty identified three guarantors. They included us, the Brazilians, and the Chileans. So, whenever there was a meeting to deal with a problem, there were five participants, one from each of the two contesting countries, and the other three. During my entire two years there, there were occasional flare-ups,

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Peruvian and Ecuadorian border patrols meeting each other. Sometimes it was amicable. Sometimes there was shooting. There was never a major flare-up, but we worked hard to keep the lid on the problem. At the end of my tour in Ecuador, we had accomplished that. We had managed to keep the lid on the problem and thus contributed to fairly decent relations between Peru and Ecuador. We had not arrived at a permanent solution to the problem. To this day, I do not believe that that section of the border has been defined to the satisfaction of both parties. Thus, the problem continues. The Brazilians were quite active on it, but they were not successful.

*Q: When you say you worked hard to keep the lid on, what do you mean?*

MORLEY: What I meant was that there seemed to be a flare-up along the border every three or four months. We got engaged as an embassy and as a government in working with the Ecuadoran government to try to avoid having the incident flare into a major problem along the border, as it did later. About two years after I left, there was a major shooting incident that involved both Peruvian and Ecuadoran armed forces. It took a lot of time. You look at it at the end of my tour and you say, "Well, you put so much work in, but you didn't accomplish anything." In effect, we prevented anything from happening.

*Q: I want to get to specifics. What type of work did you do? Here you are sitting in Ecuador with Ecuadoran and Peruvian troops shooting at each other. What were you doing?*

MORLEY: One of the things we would do is act as liaison between the Peruvian and Ecuadoran government. We would transmit proposals back and forth between the two governments. We would use whatever leverage we had with either government to try to get them to agree to an interim solution to the immediate problem. In the case of the Ecuadorans, we had narcotics assistance to use as leverage. We had a number of things we could do for them in the military assistance area. We were providing them with spare parts, training, and so on to the military. So that was something that the military in Ecuador valued very highly and it was leverage that they would respond to.

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In addition, once every year or two, the Navy engaged in a joint exercise with the Ecuadoran armed forces. In essence, we sent about six or seven U.S. Navy vessels down with a contingent of Marines and we would exercise with the Ecuadoran armed forces, improving their capability in the military area, giving them practice on real life situations, teaching them various things. They valued this.

In the case of the Peruvian government, we were giving them a lot of development assistance and a lot of narcotics assistance. This gave us leverage. So, we did essentially two things. We acted as a moderating influence in the context of our liaison efforts and we used what leverage we had in terms of military and developmental assistance to get both sides to moderate their position with respect to any specific incident, but there was never a successful effort to get them to sit down and talk about a permanent solution. In addition, the other two guarantors were active, especially the Brazilians, whenever there was an incident.

Q: How did you find our embassy in Peru acting with you? Were you both seeing eye to eye? I am thinking about the problem that sometimes occurred that, if you're in a country, you begin to almost take on the stance of the country you're in. It's called "localitis."

MORLEY: To a certain extent, we both had localitis. We, for example, were hearing the Ecuadoran version of what happened. That initiated the problem. Our embassy in Lima was hearing the Peruvian side. But basically, we both focused on the need to dampen enthusiasm for a military solution and to use whatever leverage and whatever moderating influence we had to achieve that. That was not always easy to do. Febres Cordero was reluctant to be sidetracked by what he called "military adventurism" along the border. He wanted to use the country's resources for development, to improve the standard of living, yet he didn't always have complete control over the military. The military in Ecuador, as is the case in a number of Latin American countries, considered themselves to possess a certain degree of autonomy. They were historically the defender of the nation, the flag, the entity called "Ecuador." Civilian governments had come and gone, but

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the army had endured throughout the country's history. Therefore, it followed that they were responsible for the defense of the country, etc. Finally, the military had automatic access to a percentage of the country's oil revenue, so parliament didn't even control their budget.

Q: What about events in Central America? This was in the Reagan period and we were very much concerned with El Salvador and Nicaragua. In fact, much of our policy was focused on that with a lot of criticism both internally in the United States and from Europe and other places. How was that viewed from Ecuador?

MORLEY: The Ecuadoran government didn't want to get involved. They didn't believe that it was something of concern to them nor did they see a role for Ecuador. In addition they had their own problems. I have already discussed border issues and narcotics. More serious problems occurred, problems that threatened the stability of the country politically and economically.

The first was the earthquake that took place on March 7, 1987. This earthquake didn't get much international attention. It was around seven in the Richter scale. The epicenter was only about 50 miles north of Quito. It caused a lot of damage in Quito and it destroyed the pipeline that transported crude oil from the oil fields to the east to the Pacific coast. That meant that Ecuador's primary source of income was terminated at least until the pipeline could be rebuilt. The morning after the earthquake, Ambassador Rondon decided to request a helicopter from a US Army reserve unit in the country to overfly the pipeline and try to get a handle on the extent of the damage. Using that helicopter, the Ambassador was the first to discover (not Texaco, not the government of Ecuador) that the pipeline had been ruptured in several places. All that Texaco knew was that automatic sensors had shut down the pipeline, but they had no idea the extent of the damage.

On his return, Ambassador Rondon briefed President Febres Cordero showed him videotapes of the damage. He was stunned. We then talked to the Texaco people and

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showed them the same thing. They were beginning to get reports in that confirmed what we had seen. The Texaco people, of course, took immediate steps to begin the restoration process, but it was six to nine months before oil started to flow again over the Andes to the seaports where the tankers could pick it up.

Ecuador was very dependent on oil income. The question was how the GOE was going to respond to the catastrophic loss of income while spending vast sums on emergency humanitarian aid and reconstruction. We proposed a package that would include bilateral humanitarian disaster assistance, a major IMF or World Bank loan to bridge the gap until oil revenue started to come in again, plus an austerity program that would help keep budget outlays and imports down to reasonable levels. In fact, the government's measures were insufficient. As a result, the Ecuadoran government's debt credit rating declined. The Sucre (national currency) began to be devalued in terms of the dollar. Inflation began to become a major problem in Ecuador. The six to nine months without oil income made a major difference and had an impact for years after on the country's economic situation, its GDP growth, its per capita income, its inflation rate, its unemployment rate, and so on. Ecuador did not export anything in significant quantities other than oil.

The crisis also had the effect of making Ecuador's political institutions weaker, and eroding their authority. The GOE was perceived generally as having responded poorly to the emergency. Most humanitarian assistance came from foreign governments and NGOs. Uncharacteristically, the President seemed depressed and uncertain about what to do. The situation worsened considerably as time went on. Popular faith in democracy eroded. And the military were impatient with the President's inaction. There were a number of serious incidents. The President was kidnapped during a visit to an air force base and he was held for about two days by the military high command. The base was located near Guayaquil. The Ambassador sent me down to Guayaquil. The American Consul General and I decided that we needed to talk directly with the kidnapped President, if that could be arranged. Since the incident had occurred within the jurisdiction of the Consulate General, the CG to the base, presented his credentials, and asked to see Febres Cordero. He was

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successful, and returned to report that the issues were military autonomy, the military budget, the impact of the loss of oil revenue on the military budget and the inability of the GOE to make up this loss through budgetary allocations or military assistance programs. I mentioned earlier that the military automatically got a certain percentage of oil export revenue, but this revenue was lost when the pipeline was destroyed. Most important from our point of view, the CG reported this action did not seem to be preparatory to a coup d'état. After a couple of days the President was released, but he never was the same man again.

The second incident arose over the rebellion by the commander of the Air Force, General Frank Vargas. At the time, he was also commander of the Joint Staff, a position that rotated between the three major services. The army at this time was being very difficult and not conceding that Frank Vargas was the supreme military commander. The tensions arose until one day there was an outbreak of violence at headquarters. The army tried to arrest him. Vargas sought refuge in an air force base. The air force base happened to be the major international airport at Quito. The army sent tanks and the air force fought back. For a day or two, there was a lot of gunfire until Vargas finally surrendered and was tried and convicted. I don't think anything serious ever happened to him. He was just too popular in air force ranks for them to do anything serious to him.

The third incident resulted from increased tensions between the Congress and the President over budgetary and other issues. What happened eventually was that the Congress tried to impeach the President. There was a provision in the constitution of Ecuador that allowed congressional impeachment of the President. The Congress voted to have impeachment hearings. They called on the Minister of Interior to testify. He got up in front of the legislators, and on national television, said he was not going to cooperate because the process was unconstitutional. He then walked out. At that time, the military were siding with the President because, if anything, military-congressional relations were worse than presidential-congressional relations. The military and the President seemed to be threatening a coup similar to that which occurred in Peru. I was in charge at the time

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and talked to the President, the Minister of Interior, and the chief of the armed forces (who was an army general at the time) and made a number of demarches to these and other people on instructions from Washington. The military were considered key, because without military support, Febres Cordero couldn't launch a successful coup. Our leverage with the military came from our military assistance program. I told them Washington would not continue these programs in the event of a coup. I felt uneasy delivering this message to the military high command. I went alone to military headquarters in a car flying the American flag. I got out of the car, and walked up the steps and into the HQ building. Soldiers were everywhere. I delivered my message to the military chiefs, and left. I do not recall there was any conversation. Eventually, tempers cooled and people were able to come up with a reasonable solution. Febres Cordero remained in office, but his credibility was lost and he didn't accomplish very much for the remainder of his tour as President. And public trust in the government was almost destroyed.

*Q: How did the presidential kidnaping come out? You mentioned thaour consul went in there to act as a mediator. Did that work at all?*

MORLEY: Yes. The American Consul General in Guayaquil went in and talked to the President. The CG reported the President was distraught and upset about what had happened to him. He didn't seem to be thinking very clearly, especially about the impact of this incident on him personally and on his political future, and reportedly asked the American Consul for advice and guidance. He was told we could not solve his problem for him, that while we could work in support of democracy and support him as the elected president of Ecuador, our options were limited. Basically, when people go so far as to kidnap the president, they are desperate. Their resistance to outside influences goes up considerably. The Consul General subsequently reassured him that the military did not intend to kill him. We had received assurances from the military to that effect. They were simply trying to pressure him into acceding to their demands for more resources and for more autonomy. We were able to act as a bridge between the military and President Febres Cordero. Eventually, after two days, he was released. The threat of a military coup

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was reduced considerably. Whether we were a major factor in that or not, I don't know, but we certainly were a catalyst in getting the two sides to start to talk to each other again. The public response to this incident was curious. There were no major demonstrations in favor of either side. Febres Cordero's credibility was already in decline but people didn't want the military running the country either. The military were never very popular in Ecuador even during the time of the military dictatorship in the seventies.

Q: Did you have any consular problems at all during this time? I was just wondering, were there errant young Americans or problems of this nature?

MORLEY: Let me turn to that in a minute. I have one final thought on Febres Cordero and his Presidency as a result of the earthquake and subsequent events. There was a popular perception that the United States had done more in response to the earthquake than the Ecuadoran government had. For example, if you went up north closer to the epicenter and you visited the Indian villages that had been destroyed, you would see signs of U.S. help. You would see US-provided plastic sheeting covering partially destroyed houses reflecting in the sunlight. Emergency food supplies, water purification equipment, and other supplies were being supplied by the US. There was very little tangible evidence of the Ecuadoran government's response. The military had done little. They were not civic-action minded and did not do a credible job in terms of responding to the emergency. The earthquake was a seminal event during my tour in Ecuador and really caused a lot of tensions and difficulties. On the positive side, we finally received some attention from Washington and even got a visit by then Vice President George Bush.

In terms of consular problems, there were the usual range of things. Ecuador is divided as a country by the Andean range and we had a constant stream of Americans coming down through Ecuador to climb mountains, to explore old Inca ruins, to dive into some of the mountain lakes looking for Incan treasure. People were being injured and killed. They were often ill-prepared for the adventure they embarked. The Ecuadorans were ill equipped for search and rescue. So, we had to do this, more or less, by the seat of our pants. We would



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organize some Marines and volunteers from the American community to go out and look for some of these people. The visitors seemed not to understand that, in spite of its tropical location, in spite of the fact that Ecuador lay astride the equator, if you climb the Andean mountains conditions could be very difficult. It's cold up there. You can die from exposure. You can die from an avalanche of snow. You can be crushed by ice flows and so on.

In terms of high profile arrest cases, I don't recall any. We had good relations on the consular side with the government of Ecuador. Usually, we could assure that our people got adequate and fair treatment and could arrange very often for their expulsion from the country, as opposed to incarceration in one of Ecuador's prisons. So, consular relations were never a problem. We had consular relations that were as good as probably any country that I served in.

One very positive aspect of our relationship with the GOE was their support for US initiatives in multilateral fora, especially on antiterrorism measures. They would vote consistently in UN and other fora (OAS and so on) for stronger measures against the terrorism. They regularly and routinely condemned terrorist incidents, whether it was a hijacked aircraft or that incident involving a wheelchair-bound American citizen who was thrown into the sea during the seizure of the Achille Lauro. No problem. They would join us in all of these things. That was a very positive factor in our relationship. I remember when I was still Charge before the ambassador, Fred Rondon, went down there and presented his credentials, the Achille Lauro incident took place. I went into the Foreign Minister. That was my initial call on him, I believe, as charge. I brought this issue up and said, "Can we ask for your support?" He said, "Let's draft a statement right now." He went over to his conference table and we drafted a strong statement. It was published and sent up to the Department and everybody was happy. So, they were very supportive of us on most issues in the international forum.

*Q: Do you think there is anything else we should cover on Ecuador?*

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MORLEY: At least until the earthquake, Ecuador simply wasn't on Washington's radar screen. It was unfortunate that it took a national catastrophe to get Washington's attention. Until then, in the narcotics area, people in Washington were preoccupied with Peru and Colombia. In the political arena, everybody was preoccupied with Central America. I think that about wraps up what I have to contribute on Ecuador.

*Q: In 1988, where did you go?*

MORLEY: In 1988, I went back to Washington. In Washington, I was assigned as director and coordinator for Cuban Affairs in the Department of State.

*Q: You did that from 1988 to when?*

MORLEY: 1988-1991.

*Q: What is the role of the director of Cuban Affairs within ARA? We don't have relations with Cuba. Is it special? How would you define it?*

MORLEY: The formal title is not Director for Cuban Affairs. It is Coordinator for Cuban Affairs. It implies that the office coordinates all U.S. government policy and activities with respect to Cuba. Our policy was and remains a very special one, one that is unique or nearly unique in terms of our bilateral relationship with any country. One of the major responsibilities of the Coordinator for Cuban Affairs was to ensure that no branch of government did anything contrary to our policy. That was sort of a negative thing. We had to clear any contacts with the Cubans by any agency. For example, the Cubans participated in the negotiations on Southern Africa (independence for Namibia, end to the civil war in Angola) because they had ground troops actively engaged in military operations in Angola. Whenever talks took place, a representative of the Cuban government participated and thus I would go along and be on the American delegation.

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This served two purposes. Number one, to make sure that whatever was accomplished at these meetings did not impact on our bilateral policy toward Cuba. The second thing was that these meetings on other issues provided an opportunity for an exchange with Cuban officials that might not otherwise be possible. It was a low-profile forum. They had somebody on their delegation and there was me on our delegation. At least once during every session of the negotiations on Southern Africa, we would sit down for breakfast or coffee or something and just review the bidding. Not a lot was accomplished in terms of bold new initiatives, but the political climate both in Havana and Washington would not have been supportive of bold new initiatives. We just simply talked, explained, answered questions, defined the limits of what we were capable of doing, and suggested perhaps a modest new initiative. For example, I was able to foster better cooperation on the narcotics and law enforcement fronts by bringing them up on several occasions in this context. If you look at the map, you will quickly see that drug shipments coming up by air from Colombia and even Central America flew through Cuban airspace. Sometimes traffickers would use Cuban air strips to refuel and transfer cargos. What was needed was a working arrangement between US and Cuban law enforcement officials at the operational level, enabling both sides to deal with a situation immediately. A system of direct communications between working level people was established. Over time, this worked better and better. Even during periods of tension between the United States and Cuba in the three years I was there, this cooperation never diminished. It was so clearly in the interests of both sides. The drug trade was anathema to Fidel Castro. He was afraid that it would get a foothold in Cuba and he did not want his people corrupted by narcotics, nor did he want narcotics consumption to be a problem in Cuba. So, in this small but tangible area, cooperation proved possible. It was probably a factor in the trafficker decision to reroute shipments from the Caribbean area through Central America and Mexico. Cuba is a natural barrier. If we could keep aircraft from overflying Cuba, traffickers are denied routes across the Caribbean to southern Florida.

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This was just an example of what could be initiated during informal conversations with the Cubans on the fringes of the Southern African negotiations. We never negotiated anything bilateral, but just exchanged ideas.

Another example: we were involved in negotiations (and I do believe we were in Angola at the time). George Bush had just been elected President of the United States. The Cubans came to me and said they assumed Bush would pursue the same policy toward Cuba as Ronald Reagan had. I told the Cubans that I didn't know what changes, if any, the new President would make in our Cuba policy. He had only been in office a short time. He hadn't had a chance to focus on many issues. But, I continued, George Bush is his own man. He is going to define his own policies. I cautioned them against assuming that he would automatically assume the identical positions on Cuba issues that his predecessor had. They asked me if this meant that they could expect change and I repeated that I didn't know. It was too early to say.

Q: Speaking of that, going both from the election period where a critical element in the Republican strategy is to make sure that they have the Cuban vote in Florida, which means you kind of have to take a stance, could you talk about how during the election of 1988, was there any impact on your job or special care that took place during that time because of the exiled Cubans in Florida?

MORLEY: I initiated a review of our Cuba policy in the context of the forthcoming elections right after I arrived in the office. Up until that time, the major rationale justifying our policy. The Cubans were a threat to us because they were an ally of the Soviet Union. They provided ELINT facilities at Lourdes, outside of Havana. There was a Soviet military presence on the island. There was always the ghost of the Missile Crisis. Could this happen again? Could they get missiles or something on the island without our knowledge this time, which would present a threat?

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Except within the Cuban-American community, and even there, this policy rationale was beginning to lose credibility. It had some appeal in the Cuban community among the strong anti-Castro faction, but many Cuban-Americans had accommodated themselves to being Americans, especially second and third generation Cuban-Americans. They were making decisions less on Cuban developments and more on issues of the pocketbook.

To broaden support for our policy of isolating Cuba, we shifted the focus away from Cold War-type concerns and began to emphasize Cuba's dismal human rights record. We noted that the Castro government abused the rights of the Cuban people, imprisoned individuals without due process, denied political freedoms and free elections, normal rights we take for granted. It turned out that this shift in emphasis fostered broader support for our policies than had been the case until then. The Cuban Americans supported it because they were critical of Castro's human rights policies all along. Targeting human rights had an appeal to liberal organizations in the US, many of whom had been critical of our policy in the past. Advocates of an improved relationship with Cuba were caught off guard and forced to admit abuses existed. In Congress, liberals and conservatives, Democrats and Republicans, were able to join in condemning Cuba, so support for a better relationship waned. We worked closely with human rights organizations to document and publicize abuses in Cuba. The result was a dramatic turnaround. After only two years, by 1991, we were able to get UN condemnation of the human rights situation in Cuba, something we had consistently failed to achieve in the past.

We had built a coalition in support of our Cuba policy, based on human rights. The moderate Cuban community was delighted because they thought that this was a rational position to take and they were very much aware that their relatives in Cuba were suffering abuses; the radicals because they were glad to see Cuba and the Castro government condemned in any forum for any reason. Congress spoke with almost a single voice on Cuba for the first time in years. And the media supported our new policy thrust. So, we

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really scored by our change in tactics. That was a major change instituted by the Bush Administration on Cuba.

*Q: What about Radio Marti? This is an issue that seems to havcropped up.*

MORLEY: Radio Marti had been established early in the Reagan administration as a source of information for the Cuban people independent of what they were getting from the Cuban government. When it was first established, it was jammed rather successfully by the Cuban authorities, but over time, the authorities jammed less, presumably because they saw it as not posing a major threat to them. The commentary was critical of the Cuban government, but the news was pretty straightforward. Jamming was expensive. So by the beginning of the second Reagan administration, you could hear Radio Marti in most places. I'm told that taxi drivers listened to Radio Marti while they were working. People listened to it as a source of international news. The anti-Castro propaganda was given little credibility.

Then in 1989 or 1990, TV Marti came on the air. TV Marti was technically a more difficult proposition than radio. TV signals are line of sight. You had to have very high antennas in Florida to have the signal received in Cuba. In addition, TV apparently is more vulnerable to jamming. The proponents of TV Marti thought television would have a greater impact on the people of Cuba than radio would. The Cuban government reacted sharply to the prospect of television broadcasts. It threatened unspecified retaliation in the even that TV Marti went on the air. But we were mandated by Congress and the President to get it up and running. USIA was put in charge of TV Marti. The only Cuban response was to jam the signal. They did that very successfully. You couldn't receive it, to the best of my knowledge, anywhere on the island. I spent several hours pone night running around the Cuban countryside in a car trying to receive the TV Marti signal in various locations, without success.

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The real downside for us was that the Cuban government began jamming Radio Marti again, so we lost that channel of communication, at least temporarily. TV Marti stayed on the air through the remainder of my tour there as coordinator for Cuban Affairs.

Q: What was your contact, relation, and view of the Miami Radio Marti people, the people who purport to speak for the Cuban-American community?

MORLEY: I received anyone who wanted to deal with me. I issued a statement early on that my door was open to any representative of the community who wanted to see me. The Cuban-American National Foundation (CANF) took advantage of this. They probably sent somebody around about once a month to review issues. Over the period that I was coordinator for Cuban Affairs, more moderate groups gradually began to organize themselves in the Cuban community. They wanted easier communications with relatives in Cuba (telephone, postal service, ability to travel to Cuba, ability to send money to Cuba, and so on). They wanted some relaxation of the embargo, and engaged in an at times bitter debate with CANF over bilateral issues. But these more moderate groups were slower to take advantage of my offer to dialogue with them. I remember one woman saying to me after I had reached out and invited her to come see me that this was the first time anyone from her group had called on me. She noted that CANF was in my office frequently. I responded that my door had always been open to any legitimate Cuban organization, that the Florida media had published this offer, and that CANF had taken more advantage of the offer than had other groups. After that, they became regular visitors, too.

As the lead man on Cuba for the USG, I had four or five constituencies. The Cuban-American community was only one - or if you differentiate between the hardliners and the moderates, two. I also had academics like Wayne Smith at Johns Hopkins University and others who were active on Cuban issues and made a lot of contributions to the media had to talk with them. I had to deal with human rights organizations like WOLA. I had to deal with Congress. They ran the whole spectrum from very hardliners from people who

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wanted an immediate reconciliation with the Cuban government. I had the community, Congress, the media, the human rights groups, think tanks, and academics to deal with. I was often called on to make presentations at Georgetown or someplace on our Cuban policy. I probably saw somebody from the media once every couple of weeks, either interviewed on the record or off the record on our Cuban policy. There certainly was more interaction with the general public and institutions like Congress, think tanks, academics, private organizations, and the media in my job as Coordinator than in any other job I ever had. That was a very important part of the job, keeping people informed, presenting the rationale for our policy, explaining any changes in our policy, and so on.

I also got to visit Cuba and dealt with the Cuban government. I was talking earlier about my domestic constituencies, but one of my major clients was the Cuban government itself. According to the rules of the game, I was the highest level official that was normally able to talk to anybody in the Cuban Interests Section Office in Washington and the highest level U.S. government official who was authorized by the U.S. government to visit Havana and talk to Cuban government officials about bilateral issues, which I did four or five times. During my first visit to Cuba, I wanted to talk to human rights activists and other dissidents, as well as government officials. I had had several meetings with Cuban government officials and then I talked to a group of dissidents. The GOC found out about it very quickly and they asked me to leave. They said that there would conduct no more official business with me during my visit. After that, every time I went back to Cuba on bilateral business, contact with human rights activists, dissidents, became an issue. I always told them I was going to do it. If they had said nothing after the first incident, if they had not reacted so strongly, I probably would not have insisted on doing it every time I went down there. We had decent contact with dissident groups through out Interests Office in Havana and there was no need for me to make it a high profile issue. They forced me to do that.

*Q: Did you ever tell them that?*



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MORLEY: Oh, yes, I told them that. Ricardo Alacon, the official responsible for relations with the United States, heard that message directly from me more than once. He responded that he didn't have a choice in the matter, that he was acting under instructions. He didn't say "Fidel Castro," but I assume that's what he meant. But I was asked to leave Cuba and I left. Before I went back the next time, I told the Cuban Interests Section that I would be meeting with dissidents as well as government officials. They said they didn't want me to do that. I told them they didn't have a choice. If I went to Cuba, I was going to set up meetings with dissidents. The only thing they could do was deny me permission to visit Cuba. Once I was there, I intended to talk to whomever I wanted, as long as my interlocutors were willing to meet with me. Eventually, they backed down because there was a threat over escalating an issue that didn't make much sense. They had bigger fish to fry. I didn't publicize the fact that I saw human rights dissidents. The dissidents knew it. However much encouragement they got from talking to me, God bless them. That was fine. I would talk to church representatives. I went to visit representatives of the Jewish community in Cuba, the Protestant community, Ecumenical council, other religious groups to get a handle on problems related to religious activities on the island. I would also visit with Cuban government officials. What I did, after the first or second time down there, was to put meetings with non-government representatives at the end of my schedule, after I had talked to Cuban government people. Both sides were willing to live with this *modus operandi*.

Q: What was your impression and what was the general thinking at that time? You were there from 1988-1991, a critical period. This was when the Soviet Union was falling apart. What was the prognostication of not just yourself but the others? You must have been looking at this.

MORLEY: We were looking at it very closely. We were looking at it from the point of view of Castro's survivability. One of the things I used to do when I went to Cuba was talk to the Soviet Ambassador to get a handle on their intentions. There were many who believed

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that as Soviet economic and military support diminished, the threat to Castro's survivability would increase and that he would not survive, that his days were numbered. Castro's government wouldn't be able to survive without it. There were others that said that Castro was strong enough in his own right, that he had experienced problems before in terms of his relationship with and support from the Soviet Union, and he would probably survive this time. So, there was a serious division of opinion within the government and among Cuba watchers outside.

There was also some discussion what our position should be. There were those who said that because of the reduction in Soviet support and the Soviet presence in Cuba, this provided a golden opportunity for U.S. policymakers to achieve a normal relationship. We should relax our pressure on Cuba because Fidel Castro would have to make compromises he would otherwise not accept, that he would be more willing to come to terms with the United States. There were others who said we should increase the pressure on Cuba, making the embargo even stronger than before, eliminating channels of communication and so on, because increased hostility would be the straw that broke the camel's back. The combination of waning Soviet support and increased US pressures would surely bring about the fall of Castro and the restoration of democracy in Cuba. In fact, none of this happened. In fact, he survived. In fact, the economy, the GNP declined by something between 30 and 40 percent in the three years after the reduction in Soviet aid and has gradually enjoyed positive growth since, but it certainly never made up the loss that was incurred from the cessation of Soviet economic cooperation. Castro survived. He is still there. He is still in charge. On the day I left the Office of Cuban affairs, I commented that the military seemed still completely loyal to him, the party seemed completely loyal to him, and the Cuban people seemed to be willing to go along with the present system for an indefinite period of time. There was no group within Cuba that threatened Castro. The only viable institution in Cuba that was not dominated by the government, by the party, and by Fidel Castro and had some degree of autonomy was the Catholic Church.

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But even the Church was in no position to challenge Castro. Their freedom of operation was seriously constrained. Churches were being closed down. Active Catholic Church members were overtly discriminated against. Their kids would not be able to go to university and get education. They would not be able to get decent jobs. So, even the Catholic Church posed no serious challenge to the government's authority. While the Church's structure was maintained intact, and it was able to perform limited services to parishioners, it was a weakened institution.

Q: Was there every any debate, albeit within the State Department, and I'm not talking about official debate, but just among those in ARA, about whether we should open up an embassy in Cuba at this point?

MORLEY: That was never seriously discussed. The mindset in the Department of State, including ARA, was that our Cuba policy was not part of the mainstream of the Department of State or U.S. government policymaking. It was something different. So, even in the case of ARA, if you were director for Caribbean Affairs, if you were director of Mexican Affairs, you never thought about Cuba. You might think about Central America as director for Caribbean Affairs. You might think about Mexico. But Cuba, it's as if that island had suddenly been blotted off the map. People who thought about it generally didn't understand the historical context of our policy and their view was to shrug it off and say, "It's a sleeper policy. Cuba is not important. We ought to just let them have whatever they want and they'll open up." That was politically impossible. The vote of the Cuban-American community was far more important to George Bush than any benefits accruing from an improved relationship with Cuba, assuming the effort would succeed. If he could win Florida as a result of a hard line toward Cuba, you didn't have to be a rocket scientist to figure out what he was going to do. He was going to have a hard line toward Cuba. And the worst scenario of all was to try and fail, as Presidents Carter and Ford tried and failed.

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*Q: It had become so much part of the landscape by this point that it wasn't a matter of discussion, should be do something about it or not.*

MORLEY: No. What people had learned by the time I got there was that we had arrived at a balance in terms of our policy toward Cuba that was tolerable to the Cuban government, to Congress in general, to the Cuban-American community, to the academics, and so on. Some people objected and some people wanted change, but it was tolerable and it didn't make waves. What made waves was any attempt at major change. If some new initiative were undertaken, suddenly Cuba exploded on the front page of "The Washington Post" and elsewhere. The administration didn't want this. They thought Cuba was a sideshow. They had bigger fish to fry. They didn't want to spend their time explaining to the press changes in Cuba policy when they had NATO, the OAS, Iraq, Russia, the Soviet Union, and other, more important issues to deal with.

Any change had to be gradual, and combined with an effort to garner support from as many quarters as possible. And the policy did evolve. It was never static, but always moved gradually in the direction of a tougher line or a softer line. I explained to you the change in our human rights posture toward Cuba, a change which strengthened support for our policy. But at the same time, we were looking for ways to enhance cooperation with Cuba in critical areas. I cited the example of narcotics for you. But nobody was suggesting a 180 degree turnaround in our Cuba policy.

*Q: Also, was there a feeling that the Cuban government, which is really Fidel Castro, was open to anything? In a way, the situation was stagnant on his side, too.*

MORLEY: Absolutely. The modus vivendi was far from optimal from the point of view of the Cuban government and Fidel Castro. He tolerated it, but believed that US policies prevented the complete success of his revolution. When things became intolerable, he did something (Mariel) or found ways to bring pressure on the U.S. government, but for the

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most part, it was a tolerable modus vivendi. Failures could be explained away by pointing to the US "blockade."

Castro's revolution had achieved at least some of its goals. One of the things that Fidel Castro promised the Cuban people he would do at the time he came to power in January of 1959 was rid Cuba of American influence. Regardless of what else you say about Fidel Castro's broken promises, he did that. The last time I visited Cuba was in 1991 and there was very little sign of American influence there. American music was discouraged. They were no longer listening to Radio Marti. American cars were all 1950 vintage. I was more likely to see a Kaiser, a Fraser, or a Studebaker than I was almost any other vehicle. That is what you saw down there. I used to joke with Ricardo Alarcon in the Foreign Office that Cuba could solve its financial problems by exporting these cars to collectors in the United States.

Q: Moving away a little bit from just the Cuban thing, just being in ARA itself, when Ronald Reagan came in in 1981, ARA took a real hit as far as the transition.

MORLEY: That is correct. That was not a Cuba focus so much as it was Central America. We discussed that earlier.

Q: It was Central America-focused. I don't want to stick just to Cuba, but as somebody in ARA, in the 1989 takeover by George Bush, albeit he had been Reagan's Vice President and all, did you see any change in how ARA was looked at by Bush, particularly in the transition period?

MORLEY: Not particularly. There was not certainly the trauma of the transition period when President Reagan took office. The new Assistant Secretary was Bernie Aronson. He was not a professional Foreign Service officer, but had had some experience working for the federal government in the past. He was very open. He called me up one time and said he didn't want to read briefing papers, and asked me to brief him on Cuba. He asked intelligent questions about TV and Radio Marti and so on. His hot issue was Central

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America. He said, in effect, that I should go on doing what I was doing. He would depend on me to alert him if anything needed his attention. But he expected to devote much of his time to Central America. By that time, Cuba was no longer an important factor in Central America. The amount of assistance that the Cubans were giving to the Sandinistas and to the rebels in El Salvador had diminished considerably. So, he was willing to let me do my thing under the general supervision of the senior deputy, Mike Kozak. Kozak's priority was also Central America and Panama. He was the lead man on Panama, but he also did a lot of work on Central America and usually handled any Cuba issues that came to the front office. The Cubans were concerned about what changes were portended by the ascension of George Bush as President. I explained to you what I told them. That was that he was his own man and, when he got around to it, he would take a look at it and we would let them know if there were any changes. The Cubans didn't understand that Cuba was not a front burner issue for Washington.

On July 1, 1991, I went to the White House. I worked for two years on the staff of the NSC as a Director for Latin American affairs.

Q: This would be during the Bush administration. I have just finished an interview with Stephen Dachi, who was talking about the White House under the Bush administration. He said that the Latin American affairs people were a very peculiar lot.

MORLEY: Yes.

Q: They were coming out of right-wing academia but had never been able to get into first-rate universities. They felt they had been frozen out by the liberal establishment. This is a close characterization. I'd like to get your feeling about the NSC at this particular time. This was the Bush administration, which succeeded the Reagan administration, but was it different?

MORLEY: The Bush administration's NSC staff for Latin America consisted of three people. At the time I got over there, there was Bill Price, former ambassador to Honduras

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and a professional FSO, Dave Pachelli, who was from the Agency (the CIA), and myself from the Department of State. Price was subsequently replaced by Tony Gillespie, also a former Ambassador and career FSO. We covered the Western Hemisphere except for Canada. We were all professional government employees. It wasn't until the Clinton administration came into office in January of 1993 that we got an academic named Richard Feinberg, who headed up this small section and replaced Tony Gillespie. All of these people were professional career government service people. Steve's description did not characterize the Latin American staff while I was there until Bill Clinton took office.

*Q: Could you talk about how the NSC operated at that time from your perspective? Brent Scowcroft was the advisor, wasn't he?*

MORLEY: He was the National Security Advisor to the President. He was relatively low profile. He told me early on that he did not consider himself to be another Secretary of State. He was a person who tried to nudge and push policy in the right direction, a very demanding taskmaster, very smart and soft-spoken, quiet. He was not a person that you trifled with easily. I had the greatest respect for him. We had a mandate to spend several hours a day just doing what Brent Scowcroft sometimes referred to as "missionary work." That is, we would go out to the agencies, especially State, CIA, and Defense, and talk to them informally, low key, on issues of importance to them. This was a way that he thought we could influence policy decisions in those agencies without waiting until it became a hard issue that had risen to the Secretary of State, the Director for CIA, and the Secretary of Defense level. He wanted our input early on in every issue, so he cautioned us that we had to go out and talk to people. This was not only to influence their early thinking, but also to keep us in touch about what issues were coming up and what issues were likely to be significant and require White House attention.

*Q: How much did you feel at your level the hand of George Bush of foreign policy?*

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MORLEY: George Bush was very active in foreign policy and national security affairs, more so, I think, than his successor, Bill Clinton. Of course, I was only in the Clinton administration for about five months and things were pretty hectic at that time. But George Bush was a man who wanted to keep his fingers on the pulse of what was happening. He talked with Brent Scowcroft frequently on a daily basis. They had a normally scheduled meeting, plus Scowcroft would drop in to alert him if something had come up. He was good with foreign policy and national security issues.

Q: Let's start when you arrived. You reported in on July 1, 1991. What were the issues as you arrived in Latin America that concerned you? Then we'll talk about what developed thereafter.

MORLEY: Major issues included the North American Free Trade Agreement (NAFTA), Cuba and Cuban migration, Argentina, its nuclear program and request for military assistance (This was not very long after the Falklands. It was less than 10 years after the Falklands.), Central America, although that was fading fast. We're talking about Nicaragua and El Salvador primarily, Haiti, narcotics, and promotion of democracy and human rights. Haiti was the immediate crisis. Aristide had been ejected from office in a military coup. We had a policy dilemma. Those were the basic issues.

Q: *Where we were we on Panama?*

MORLEY: The Panama operation had already taken place. Panama was off the high profile screen at that time.

Q: Before we move into some of these areas, you said you did a certain amount of missionary work. Was there concern at the NSC about the operations of the CIA at that time? In Latin America, the CIA has been the focus of a lot of attention over the years. I was wondering, at that time, was there the feeling that "We've got to watch these guys?"



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I realize you had somebody from the CIA there, but in Latin America, it's been sort of the bailiwick. Was that a problem?

MORLEY: Certainly I spent time at the CIA. I would go over there probably less frequently than I visited State or Defense for the simple reason that the logistics were a little bit more complicated (They were a little bit further out of town.) and because we had a CIA professional person on the staff, one of whose duties was to keep in touch with the CIA. I had a special responsibility for plumbing the thinking of the State Department. I don't think that there was any great concern that the Agency was getting off the reservation. On the other hand, to avoid such an eventuality, we did go out there and talk to people regularly. We were kept informed of what they were doing. If something went forward even initially without us knowing about it, the NSC responded sharply and strongly to that. There was a question, I think, of the Truth Commission in El Salvador. The Truth Commission was especially set up on a multilateral basis by the United Nations to try to find out just what had happened during the worst years, and who were the most serious human rights abusers among the members of the El Salvadoran military. This was, for various reasons, a responsibility assigned to me. We had to work to assure that the Agency was being as candid as possible about its operations during that period. I am not sure we fully succeeded, but in the case of the Truth Commission, the report that came out eventually was relatively forthcoming and quite critical of some U.S. operations. So, yes, there was a concern about that. There were no major scandals during my period in the NSC. Brent Scowcroft made damn sure that that did not happen.

Q: Once bitten, twice shy on something like this. Latin America has always been a touchy place. As a non-Latin Americanist, it seems like you can do things in Latin America - people can be bought and things can be manipulated more easily than in some other places.

MORLEY: Certainly, Latin America has the reputation of hosting corrupt societies. I recall, I think, two years ago that one of the major magazines listed Venezuela as one of the top

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10 most corrupt environments for foreign businessmen in the world. It was the only Latin American country to enjoy that distinction. The others, of course, also enjoy a reputation for being corrupt, but Venezuela had the distinction of being listed in the top 10 based on information that had been gathered from businessmen trying to do business in Venezuela. So, yes.

*Q: Let's take NAFTA.*

MORLEY: The proposed agreement included basically Canada, the United States, and Mexico. We were engaged in negotiations to liberalize trade between our countries. From our point of view, the policy problem was Mexico, not Canada. We already had a free trade agreement with Canada at the time and that was working well. With Mexico, there were any number of restrictions on trade and investment that were bothersome to American investors. They didn't have confidence in the Mexican judiciary to settle commercial disputes fairly and without prejudice. The NAFTA also had provisions on investment. In the end, it also articulated policy statements or goals on treatment of labor, treatment of immigrants, and a number of social and environmental issues. It attempted to establish trilateral standards in these areas. But the primary thrust of NAFTA was trade and investment. By the time that George Bush was in his fourth year, we actually signed an agreement with the other two countries, but it never went into effect during George Bush's administration because the Senate would not ratify the agreement. In fact, it was so close to the elections that the Senate deferred debate and a vote until the elections were over and then there was a further delay while the Clinton administration considered the pros and cons of the agreement and decided to go ahead and seek Senate confirmation, which they were able to get.

*Q: What was the role of the NSC in your period dealing with NAFTA? Let's talk about the Bush period. I think, when we come to the Clinton period, we'll talk specifically on your six months in the Clinton administration.*

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MORLEY: Okay. I was the person in the NSC assigned the responsibility for bringing the NAFTA negotiations to a successful completion. In this role, I frequently visited the Office of the United States Trade Representative (USTR), which was right across the street from us. I sat in on meetings and conferences and, on occasion, sat in on negotiations with the Mexicans and the Canadians. The Mexicans and we had a number of issues that had to be ironed out. At times, we, the United States government, despaired that the negotiations would never come to a successful conclusion. At one point in time, I reported to Bill Price and he reported to Brent Scowcroft that morale at USTR was low, that they were beginning to despair that they would ever bring these negotiations to a successful conclusion. So, the word came back from Brent Scowcroft that I was to go over and arrange a meeting with USTR officials and give them a real pep talk on the policy importance of the negotiations and the successful conclusion of the North American Free Trade Agreement, which I did do.

*Q: What were the problems with the Mexicans? Or was it just that the situation was so difficult?*

MORLEY: Well, one of the problems, of course, was that within Mexico, there were differences of opinion on what the NAFTA should accomplish and how much it would benefit Mexico on the long term. There was at that time a lot of suspicion on the Mexican side about American intentions. Our history of relations with Mexico is not very good history. We have at times imposed our will on the Mexicans or forced them to accept things and we have treated their citizens poorly at times. There was a lot of prejudice against Americans. Because of this, the NAFTA was considered suspect if only because we were so strongly promoting the agreement. The Canadians helped considerably on this. At the time, the Mexicans had a better relationship with Canada than they did with the United States. The Canadians were able to point to the history of the operations of their free trade agreement with the United States, how it had worked to their benefit, and how it, in fact, gave them more options for redress in case of commercial disputes. Under normal

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circumstances, when two neighboring countries, one with a population of 250 million people and the largest economy in the world, the other with about 25 million people and a much smaller economy, had a commercial dispute, the leverage on our side was very strong. But the Canadians believed, and told the Mexicans, that their free trade agreement had leveled the playing field by providing a formal infrastructure for dispute settlement.

*Q: What it did was, it eliminated the disparity in a way and put everything into "just tell me the facts, not who has the most clout."*

MORLEY: Right. And the Canadians were very pleased with this aspect of our bilateral free trade agreement with them. A Canadian diplomat once told me that there were any number of commercial disputes that in the ordinary course of events the United States would have been able to dominate the discussion and get its way, but the infrastructure, the processes established by our bilateral trade agreement evened the playing field to a great extent. Although it did not completely eliminate the tilt toward the United States, it was considered by Canada to have had a great impact. They would talk to the Mexicans about this on the fringes of conferences and in bilateral meetings, saying, "This is what you're really getting. You're getting a situation where you can deal with the Americans on trade and investment issues in a situation of greater parity between the two disputants because of the process." In this respect, the Canadians were very helpful. The focus of the NAFTA expanded as time went on, in part because the Mexicans wanted issues like immigration to be included in the agreement or, if not that, at least a side agreement that was to be concluded at the same time that would achieve their goals in terms of Mexicans working in the United States either legally or illegally. That was a problem.

On our side we had groups that wanted to include environmental and labor standards in the agreement. Proponents made strong representations to the White House, the Congress, the State Department, and to the U.S. Trade Representative's office in this regard. Our goal was for the Mexicans to adhere to certain safety standards, to adhere to certain environmental standards so that, if industry developed rapidly in Mexico, we

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would not suffer from pollution effects and Mexican workers would enjoy at least some of the safeguards that American workers enjoyed. A minimum wage was one. Mexican companies had to adhere to certain safety standards (e.g., hardhats in hazardous areas). Our goal was for them to agree to companies assuming the costs of any treatment of accidents on the job and this kind of thing. While Mexican companies were doing some of this already, in neither area were there universal minimum standards. There were not universal practices in place. This was one of our goals. The Mexicans dug in their heels, saying these were domestic issues, not the business of the United States government. So, these are just some of the issues that complicated the process. It wasn't until George Bush called President Salinas. He noted the agreement was important to both countries, but could not be achieved without concessions by both sides. Perhaps it might be possible to conduct separate but parallel negotiations in non-trade/non-investment areas. We will consider concessions in areas of concern to you if you will reciprocate. After that, the log jam seemed to be broken, but it took a personal intervention by the President.

Q: NAFTA was an interesting thing in that you had sort of nationalistic groups from the right wing of the Republican Party and you had labor from the left wing of the Democratic Party both in agreement that NAFTA stunk. In the NSC, did you either go out as missionaries and deal with this or was this taken care of elsewhere?

MORLEY: The United States Trade Representative did a lot of the lobbying of Congress and the other interest groups. On occasion, we would get Brent Scowcroft or even the President or Vice President involved. But the heavy slogging was done by USTR. They went up on the Hill, they talked to labor and environmental groups. Even so, as I said earlier, while the agreement was concluded and signed during the Bush administration, it was not confirmed by the Senate until President Clinton took office. So it remained controversial and its ultimate fate was in question until the Clinton Administration adopted a pro-NAFTA position. There is no question about that.

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Part of the problem is that some government agencies were making inflated predictions about what the economic benefits would be to the United States. In the National Security Council, we believed the major benefits to the United States in the short term would be political, the conclusion of the agreement would improve our relations with Mexico, it would help in humanitarian ways by improving the lot of the Mexican worker, it would give us leverage to impose better standards of treatment for Mexican immigrants to the United States, and it would give a boost to the Mexican economy much greater than it would give to the United States economy simply because the Mexican economy was a lot smaller. In this respect, it would contribute to the economic and even political stability of one of our closest neighbors and one of our major trading partners. It would also, although this was less clear at the time, give the United States a greater stake in Mexican internal stability. For example, almost two years ago when the Mexicans had a financial crisis, the United States Treasury was able to extend a loan almost instantly, which turned the situation around and enabled the Mexicans to cope with that situation. So, there are a number of benefits that accrued to the United States, but one of them was not perceived to be (at least by the NSC) a great boost in the economic growth in the United States.

Q: Let's talk a bit about Mexico. You say one of the big things you were promoting in Latin America was democracy and human rights. It's always seemed like we've had a separate policy for Mexico than we've had in a lot of places. Today, things have changed considerably, but for the last 70 years, Mexico has had a one party system which has not been adverse to using its power, either destructive or... Whatever it is, it's stayed in power. It's perpetuated its position. Probably, practically, anything the United States did would be counterproductive anyway because of the reaction of Mexicans to American interference. But democracy and human rights were real problems in Mexico as compared to most of the other Latin American countries by this time. Did we handle that or was that just off the charts?

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MORLEY: Let me start my response to that question by saying that, while it was true that democracy was flawed in Mexico, we never experienced the extremes that took place in Central America or South America where, historically, there had been periodic military coups and troops on the street to put down riots with bayonets and gunfire and that kind of thing. The Mexican situation was one that bothered us greatly. The fact that there had been one party rule for so long was something that signaled that opposition parties did not have much of a chance to make their case. This was not a major issue in the North American Free Trade Agreement because we felt at the time that the Mexican situation from our policy point of view was not an intolerable one and because we were afraid to throw this issue into the pot. It would doom the negotiations to failure and not really change anything in Mexico.

Q: Absolutely, but I'm really thinking about beyond the NAFTA. You had been dealing with Mexican affairs. We've discussed this before. Did you find any disquiet about the situation in Mexico?

MORLEY: There was disquiet about the situation in Mexico. I said that. The human rights situation was not particularly good in Mexico, especially abuses by policy officials. The army was also involved in mistreating civilians, but not on the scale and not in the organized fashion that was true of other countries. The army in Mexico has traditionally been less powerful in politics, at least in the 20th century, than in many other Latin American countries. Mexico's one-party system was a concern, but we would limit ourselves to statements that we hoped elections would be fair and free, and that opposition parties would be able to compete fairly. It was not a high priority issue because the threat to Mexico's stability seemed to be an economic one, not a political one. Our focus was on strengthening Mexico's economy because this would reduce immigration, increase trade and improve the lot of the average Mexican.

Q: I realize that in the State Department, the White House, and everywhere else in the U.S. government, you really are offering what's on the table today and how things are.

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Plans or concerns for the future are kind of put off, but was there any concern at that time about a collapse of the Mexican system, not just economic, but the political system? Pressures had been building up and are showing themselves now in 1997.

MORLEY: A major collapse in the Mexican political system, no. There was not that concern. We watched the situation very closely. President Bush probably met with President Salinas, the President of Mexico, and had closer contact with him than probably any other Western Hemisphere president. We expressed concern about the PRI dominating Mexico so completely that other parties had no chance to compete.

*Q: PRI being the Partei Institucional Revolucionario of Mexico.*

MORLEY: The party that has dominated Mexican politics throughout most of this century. PRI used methods that made the election come out the way they wanted it to. Local officials were bribed or intimidated. We would bring this to the attention at the presidential level, of President Salinas of Mexico. I think this helped improve the situation. It's about this time that opposition parties started to do better, especially in state and municipal elections. I think probably most of it was due to the internal dynamic in Mexico, but part of it was due to our continuing dialogue at all levels with Mexican political leaders.

*Q: Turning to Haiti, during the time you were there, what were the issues and how were we responding? Let's stick to the Bush time first.*

MORLEY: At the time I went over to the NSC, President Aristide of Haiti had been turned out of office as a result of a military coup. The policy issues were, what should our response be? It was clear that we wanted the military junta in Haiti to relinquish power and go back to the barracks, so to speak, but for a period of time, there was great discussion within the American government about what the alternative should be, the outcome should be. There were those who said that Aristide was elected president, he had two more years at the time to serve in his term, and he should be returned to power. That should be the American goal. However, Aristide's human rights record was flawed. It was quite evident



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that, after he had gotten to power, he had committed serious abuses against the Haitian people. So, a second alternative was discussed. That was to have new elections. There was a constitutional clause that permitted elections for a new president if the incumbent were, for one reason or another, unable to exercise the authority of the President. In the case of Aristide, he had been out of the country and the military junta was running the country, so there was no question that he was exercising power. On the other hand, if there were elections, the chances were very good that Aristide would be reelected, so nothing would be accomplished. In addition, he would probably resent our interference and conclude we were trying to eliminate him from the political scene in Haiti. The way we came down was to restore Aristide to the presidency.

*Q: Really it was the only way you could do it.*

MORLEY: It was the only way we could do it, but there was a lot of resistance to that because of his blemished record on the human rights side.

Q: Let me talk about this blemished record. Did you find within the United States, particularly in Congress, there were strong efforts on the part of people who were supporters of the Haitian junta to blacken Aristide's name. It became a very debatable thing. Did the NSC, using all the instruments of American diplomacy, examine Aristide's character carefully and also take a look at what he was doing in exile, too?

MORLEY: Yes, we did that. Our answer to that question was to initiate a dialogue with Aristide while he was exiled in Haiti and try to establish standards of contact for him in return for our support in restoring him to the presidency of Haiti. In this regard, he met with American officials at various levels, including the President of the United States, Brent Scowcroft, and the Secretary of State. We were successful in getting him to make commitments along these lines. How well these commitments were adhered to after he was restored to the Presidency is a subject of debate. But in any case, that is how we tried to handle the problem, by getting commitments from him and then making his

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concessions, his commitments, public. In this way, we tried to mitigate the criticism from the anti-Aristide forces. The other argument we made was that the military also did not have clean hands, the military came into power in an unconstitutional way, and that you don't solve internal political problems in any country by overthrowing the elected president. Nonetheless, there was a very strong anti-Aristide faction, especially among Haitian exiles living in the United States.

Q: Did you talk to the Haitian exiles or others? Where were they coming from? Were they opposed to Aristide and the junta and they wanted something else?

MORLEY: As I discussed earlier in the case of the Cuban exile groups, the Haitian exile groups were not monolithic in terms of their views on what should happen in Haiti. There was certainly a strong anti-Aristide mood among the Haitians simply because a number of the people who were living in exile in the United States had been forced to leave Haiti. They had to leave Haiti during the Aristide presidency. They were forced out by economic or political conditions in that country. There were also those who were strong advocates of restoration of Aristide to power. This was probably the stronger of the two groups, in part because the military in Haiti had such a poor human rights record when they were in power. Historically, they had been a pretty bloody bunch. Haiti has never prospered under military rule. The military's treatment of the people has historically been deplorable. So, many thought Aristide was the better of the two evils.

Q: How much was the pressure at that time (in the early 1990s) of refugees from Haiti fleeing to the United States? The TV was having pictures of bodies washing ashore and crowded people being pushed back on ships. How much did this play a part?

MORLEY: It played a great part. Human rights groups in the United States were making strong representations to the effect that our treatment of Haitian exiles and people trying to come to the United States from Haiti was deplorable. On the other side, we had problems with what we call "impacted states," primarily Florida, which was the target landfall of

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most Haitian boat people coming to the United States. It was very difficult indeed for Florida to accommodate large numbers of Haitian immigrants who were coming into the United States in a disorderly way. The Bush Administration's response was to look for interim measures that would these people out of the United States without forcing them to return to Haiti until the situation was improved there. A refugee camp was established at our naval base in Guantanamo, Cuba. The base has existed for about a century. There was room on that base for a camp to be established. The camp was set up and the Coast Guard began taking boat people to Guantanamo, where they could be housed, fed, clothed, and given medical treatment. We also tried to get other countries to accept at least some Haitians so that this would not look like a unilateral effort by the United States, but rather a hemispheric effort by the countries united in response to a challenge to democracy in Haiti. This effort was not particularly successful. I think Honduras took a few hundred. I think Venezuela took a couple of hundred. But it never made a dent in the problem. Most of the Haitian boat people either got to Florida, were intercepted on the high seas and sent to Guantanamo, or perished on the high seas. It was considered to be a very dangerous voyage. The Haitians who were coming over on boats were coming in very flimsy craft that could be swamped by even moderate seas.

Q: One of the charges from the American public was that this was a racist policy, that we were allowing Cubans to come in, if they were able to get out, relatively easily. Although there is an African ethnic group in Cuba, most of these are not of African descent. In Haiti, 100% were of African ancestry. Could you compare and contrast the Cuban reception with the Haitian reception in the United States?

MORLEY: Yes, we talked about that to some extent. The legislation that permitted any Cuban to come into the United States as a refugee and successful stay in the United States goes back to the 1960s. The Haitian problem was a relatively new one. This inequality of treatment was, in fact, true, yet when you look at the history of our relationship with Cuba at any time when the people coming from Cuba grew to such numbers that it became intolerable, especially to the Governor and the people of Florida,

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then we did something about it. We would either negotiate with the Cubans to clamp down on illegal immigration in return for certain concessions on our part or deal with the problem in some other way. The Cuban legislation affecting Cuban refugees was never intended to allow unlimited Cuban migration to the US. In fact, the U.S. government had contingency plans for turning back Cubans if they were coming in unacceptable numbers. As the Haitians were coming in unacceptable numbers, we were simply unable to absorb them. While we recognized that the two groups were treated differently, I don't think it was for racist reasons. The Cuban-American community made very strong and well-organized efforts to achieve special status for Cuban refugees, and they had the clout to achieve their goals.

There was another factor in our policy toward Haiti. That was that the United States had always been a magnet for Haiti. There were a lot of Haitian immigrants living in the United States historically. We felt that, if we intercepted Haitian refugees on the high seas and sent them to Guantanamo, we would discourage Haitians from making the trip. I think this worked.

*Q: Were there any things during the Bush period that we were doing on the junta that was in charge in Haiti? Were we ineffective or what?*

MORLEY: We were working constantly to affect change in Haiti. We considered all means short of military intervention, which meant that we orchestrated efforts on the part of the OAS and the United Nations to condemn the Haitian military junta. We imposed an economic embargo on Haiti. Key to that was fuel. Haiti is an importer of petroleum products. While their imports were not significant on a global scale, they were key to the minimal functioning of the Haitian economy. We achieved a fairly effective embargo on oil shipments, especially because oil was delivered to Haiti by tanker, by sea. In other areas, the embargo didn't work so well because the Dominican Republic shares a common border with Haiti. Foodstuffs, clothing, and that kind of thing could be smuggled across the

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border into Haiti without too much difficulty. But an embargo on petroleum products was possible. We could do that and we did.

Q: One almost has the feeling, if we don't like a situation, put an embargo on it. It's sort of "Don't stand there. Do something." But the embargo usually does not impact itself on the leaders. It usually impacts itself on the people.

MORLEY: That is correct. It usually impacts on the people. The embargo was considered a reasonable measure because Haiti was on an island. If we could bring smuggling across the border with the Dominican Republic under control, it would probably be effective. The impact would be on the poor in Haiti. There is no question about that. The idea was that when the Haitian people saw what was happening to themselves personally, to their economy, and to their country, then support for the military junta would be less and perhaps it would be forced out of office. In addition, an economic embargo, supported as it was by both the Organization of American States and by the United Nations, had a very powerful symbolic effect. It meant that, in effect, the whole world had united in taking steps to help restore democracy and constitutional processes to Haiti. The embargo was coupled with continuing political and diplomatic pressures. The UN sent down emissaries. The OAS sent its Secretary General.. A major effort was made to convince the junta that what they had done was not in the long-term interests of Haiti. But in the end, there are only so many things you can do short of military intervention. We did not want to intervene militarily in Haiti for a number of reasons. First of all, of course, is that you're putting American military personnel at risk. The second is that another intervention (and there had been several interventions in Haiti during the 20th century) risked uniting the Haitian people in support of the military junta against the foreign invader. Finally, any military intervention, at least in the short-term, would probably contribute further to the deterioration of the Haitian economy. There were good reasons for using the embargo card with respect to Haiti - and there was a limit to what we could do. The Haitian military were almost impervious to normal diplomatic overtures to relinquish power because of the strong anti-Aristide feeling among the military. Aristide had, among other things, cut their

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budget and was considered to be a radical politician, which grated on the nerves of the very conservative Haitian military. So, there was a very strong anti-Aristide feeling among the military. They resisted his restoration to the presidency. They resisted it very strongly. They weren't about to respond positively to a call by the American ambassador or some other high-ranking U.S. official that they should allow Aristide to come back and assume the role of the President.

I am not saying that the embargo was a good policy. Our economic people at the NSC brought up the same points that you have just brought up, that the embargo seldom works in terms of bringing about political change in a country (witness Cuba). On the other hand, we were short of options. Even for the United States government, there comes a time when you are short of options and there is not much you can do other than military intervention if you want to restore a situation quickly. We ruled that out very early in the game for the reasons I previously cited.

Q: Let's turn to Haiti's neighbor, Cuba. What were the issues in dealing with Cuba outside of the fact that we didn't get along, to put it mildly?

MORLEY: The issues with respect to Cuba were the normal ones: Cuban immigration, the embargo, diplomatic relations, Cuba's diplomatic isolation, and the effort to try to make Cuba's diplomatic isolation as complete as possible. In this respect, I've got to say, in terms of diplomatic isolation, we had largely failed. The Cubans remained a member of the United Nations. The Cuban government had embassies in most countries of the Western Hemisphere. Canada permitted investment and tourism in Cuba. One of the things we were trying to do was to get Canada's policy changed in this regard. We were not successful. It was one of a few thorns in our otherwise good relationship with Canada. The Canadians were financing hotels and other projects. So, there was no major high profile crisis, but there was always something going on with respect to Cuba that had to be managed. The Cuban-American National Foundation (CANF) had access to high levels of the Bush administration and during that period of time was able to influence

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the administration on such issues as television broadcasting to Cuba, the embargo, and that kind of thing. So, there was no major crisis during the period, but certainly the Bush administration's policy toward Cuba was to carry on with the traditional policy of an embargo, of diplomatic isolation, of no real contact beyond the relatively low-level Interests Sections, which I described earlier, and that kind of thing.

Q: What about the outlook towards Cuba? The Soviet Empire had just collapsed, which was the prime economic supporter and patron of Cuba. Did we look upon this in the 1991-early 1993 period as being one of promise about something happening there because of the collapse of the Soviet Empire or did we feel Castro was going to be with us for a long time?

MORLEY: Probably the majority of Cuban observers in the U.S. government believed that Castro could not survive the collapse of the Soviet Union, that internal change in Cuba was likely because of the cessation of Soviet aid. Once you accepted this premise, it was easy to conclude that an easing of the embargo or diplomatic pressure would help prolong Castro in power. Jorge Mas, leader of CANF, certainly believed Castro's time was limited. He told me personally that Castro could not survive a year after the Soviet Union ceased to exist.

Q: What about the Cuban-American efforts on Radio Marti and TV Marti? My understanding of this was that we knew the television wasn't going to be a very effective thing because it could be easily blocked. Was this just sort of something thrown to the Cuban-Americans?

MORLEY: As I mentioned earlier, Radio Marti had been long established when I arrived on the Cuba Desk, and the Cuban government had stopped jamming its broadcasts. TV Marti was a going concern in 1988, but had yet to begin broadcasting. Certainly the Cuban-American National Foundation was a strong supporter of television broadcasting to Cuba. When TV Marti began broadcasting, not only did the Cuban government block

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reception through jamming the signal, but they also jammed Radio Marti broadcasting, which they had allowed to come through for a number of years before that. The argument in favor of maintaining TV Marti was that when you look at the history of Radio Marti, the Cubans jammed it at first and then eased off and let the signal come through. So TV Marti proponents hoped the Cubans, after a year or two, would relent and allow television broadcasting to Cuba, especially if the content of the broadcast were carefully controlled so that it could not be construed as inciting revolt in Cuba against Castro.

Q: Moving on to the last place that you were talking about... Argentina and nuclear development - did you discuss that during this Bush time?

MORLEY: Yes, we did. It came up in the context of the licensing of A-4 aircraft to Argentina. We talked earlier about the Falklands-Malvinas War. The Argentine Air Force was the most effective of the Argentine military forces in the conflict with the British. It performed extremely well during the Falklands-Malvinas War, but it suffered terrible losses. In fact, the air force had been pretty much decimated. The Argentines were looking to rebuild their air force. They wanted to buy some A-4s, which at the time was considered to be an obsolete aircraft. It was designed in the 1950s and had been in service with the U.S. Navy and the Marine Corps for a number of years, but it was being phased out at the time. The British opposed this rather strongly. The A-4 had the range and the payload capability that would make it effective in case the Falklands-Malvinas War ever resumed. The deal included electronics for the aircraft and technical training. The Brits opposed the deal because they still considered Argentina to be a threat to their interests in the South Atlantic. The Chileans also did not want a strengthened Argentine military. When it looked as though the sale was going to go through, the question of equipment (navigational and fire control) came up. The British, in effect, reluctantly were willing to see the planes go to Argentina if they weren't equipped with the necessary electronic gear to make them an effective weapon against British positions the South Atlantic. Again, we went back and forth on that and compromised on the equipment that eventually went to the Argentines.



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It was not considered cutting-edge, but it was adequate in terms of the training needs and helped restore the credibility of the air force.

The sale was considered important because we thought it gave us leverage with the military on Argentina's nuclear program, and because it strengthened newly-elected President Alfonsín's hand in dealing with the military.

The Argentines had a nuclear research program which we thought could give them the ability to build a warhead. It was very expensive and probably not sustainable for this reason. Nevertheless, we wanted to bring the program to a halt, or at least bring it under international supervision. The Argentines were also engaged in work on a satellite system that if successful might have military applications and we wanted to use the plane sale as leverage in that area as well. So, there were good, sound policy uses for us to want to go forward with the sale. It was one of those rare instances where we succeeded in doing something in Latin America against the interests of one of our closest allies, the United Kingdom.

*Q: Did you get involved with the British on this?*

MORLEY: Oh, yes, we got involved with the British. The Brits at the time... I was one of the point men on this issue for the National Security Council. If the Brits wanted to talk to someone within the NSC on this issue, they would come and see me or Bill Price, who was my boss. We told them what we were doing. We kept them fully informed. We pulled no punches. We explained to them what we wanted to do and why we wanted to do it. We explained why we thought that this was also in the interests of the British government. It would give us some influence within the Argentine military and strengthen the democratically-elected government in Buenos Aires. We told the British we made plain to the Argentine military that we were making the sale at the request of President Alfonsín. Without his intervention, we would not have considered the sale. The Brits bought none of this, of course, and were difficult to deal with on this issue right to the very end.

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*Q: What about the nuclear side? Was any progress made during thtime you were there?*

MORLEY: Yes, the nuclear program was being downsized, if I may use a contemporary phrase, even before the sale was approved because of the expense. Alfonsin realized that the Argentine government could not afford the program, and the military soon realized they had to choose between a military relationship with the United States and the nuclear program. I like to think, although one can never be sure, that the successful sale of the aircraft and the opening which it gave to subsequent sales of training, technology, and equipment to the Argentines helped bring the nuclear program under control. It might have happened anyway. Who knows.

*Q: What was the nuclear program pointed toward? What was ouanalysis of where they might use it?*

MORLEY: They had a couple of research reactors near Buenos Aires that in time might be able to produce weapons-grade material. It was not an immediate threat. It was never considered to be an immediately threat. They weren't even close to achieving that, but we certainly wanted to discourage further movement in that area. The Argentine military were wedded to the nuclear program for reasons of prestige. They became even more wedded to it when they suffered so ignominiously at the hands of the British during the Falklands War. We and Argentina's neighbors wanted the program to be stopped or brought under international supervision. I like to think that we had an impact in that regard. I think we did, but it's hard to quantify these things.

*Q: By the end of the Bush period, was there a feeling as a Latin American expert looking at this that there had been a drastic turnaround in Latin America, where about the only non-democratically elected governments were Haiti and Cuba?*

MORLEY: That's correct, although it was considered that not all constitutional processes were flawless. In places like Venezuela, Mexico, Peru, and Colombia, there was a lot of

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corruption associated with political processes. Nonetheless, tremendous progress had been made.

*Q: How did you all feel about this? Did you feel that we had played any part in this?*

MORLEY: Yes, we definitely played a part. The Bush Administration was quick to oppose any threat to democratic processes in any hemispheric country. In 1990, the Organization of American States held its General Assembly in Santiago. One of the resolutions passed during that General Assembly required a prompt response to any threat to democracy in any country in the hemisphere. This, in effect, put the OAS on the line. We used this. Any time there was a threat, the foreign ministers had to meet immediately in a plenary session and decide on an OAS response. The resolution did not dictate a response beyond an immediate meeting of the foreign ministers, but that was a quantum step forward.

In the case of Venezuela, for example, during my period in the NSC, there were two attempted coups in November of 1992 and in February or March of 1993. This came as a surprise to us because we considered Venezuela to be one of the most stable democracies in Latin America. But the United States government in both instances immediately issued strong statements in favor of the elected President and against the coup plotters. I was involved in the drafting of both statements. We had them on the wires within hours. They were relatively simple. They did not try to decide who was at fault. They said the United States government remained committed to the promotion of democracy in the hemisphere, including Venezuela. Democracy was threatened by the actions of a few who sought unconstitutional changes. We called upon the Venezuelan people not to support the coup plotters in both cases, and said we could not have a normal relationship with any government that had come to power by force. We also contacted governments in the hemisphere, including Canada, and tried to get them to issue similar statements in support of democracy and condemning the coup plotters. We immediately proposed meetings of the foreign ministers in conjunction with the OAS resolution of 1990. That happened within a day or two. Furthermore, President Bush called President Perez

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and assured him of our support. In addition, our Ambassador in Caracas, Michael Skol, became very active in discouraging support for the coup attempts.

The problem was that, by that time, Carlos Andreas Perez had become unpopular. He had been a strong advocate of economic reform. The reforms were having a painful impact on Venezuelans. The long-term outlook was good, but the immediate impact was unemployment, price increases and cutbacks in government services. Nonetheless, the Venezuelan people did not support the coups. A majority of democratic governments in Latin America did issue statements of support. Some of them called Carlos Andreas Perez and assured him of their support. The foreign ministers did meet in both instances. The system worked as it should have worked. In other circumstances, the coup may well have succeeded. There is no question that American leadership had a telling impact primarily because of the quickness with which we reacted to the crises. That was key. Hours were critical. Within 24 hours, it might have been possible that the coup succeeded and then we would have been faced with another Haiti, only on a much grander scale, on a country that is much more difficult to influence than Haiti.

There was also another threat to democracy that was unusual even for Latin American standards. That was the so-called "autogolpe" by Fujimori. "Autogolpe" means a coup by the president that maintains the president in power, but suspends the constitution and dismisses the congress. So, all of the trappings of democracy are done away with and the only remaining vestige of democracy is that the government is still run by a democratically-elected President. This happened in 1992 in Peru. The hemispheric response was not as clear as it was in the case of other threats to democracy. Fujimori, the democratically-elected President of Peru, continued to run the country. He was supported by the military. He had dismissed the Congress. But he was promising new elections, a new constitution, and a reorganization of government. He argued that under the old constitution, Peru was unmanageable, that even a strong president like himself (and Fujimori was not short on ego) could not effectively rule Peru because he did not have enough authority. He did not have the resources to deal with drugs, poverty, and an ongoing insurgency. The

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stability of Peru was threatened and he was powerless to act under the old system. The insurgents were active even in Lima, the capital city of Peru. Incidents were taking place all the time. Our people in Lima, even the lowest-ranked embassy official, had to come to work in escorted vehicles. So, Fujimori argued that, by acting as he did, suspending the constitution, suspending Congress, he was living up to his oath of office, which was to protect and defend the Peruvian nation. So, the threat to democracy was not as clear-cut in the case of Peru. While we leaned very heavily on Fujimori to restore Congress and to restore the constitution, and while the OAS did get involved eventually, the response was not as effective as it was and certainly not as effective as it was in the case of Venezuela. It was not until later that something happened during the Clinton administration that helped us to resolve that issue.

Q: How was your core group in the NSC? Were we trying to do something? Was Bush more reluctant on this or State or anything else? What were some of the currents?

MORLEY: Within the government, there were opposing currents. There were those who felt that Fujimori's efforts to defeat the insurgency and defeat or bring under control the narcotics industry were being blocked by the Congress, by the judiciary, and that given a free hand, he would be more successful. Peru's stability and a success against insurgents and traffickers were certainly in the American interest. So, it was argued, since he's promised to draft a new constitution and he's promised new elections and he's promised to restore congress and so on, let him have his way. There were others who said that Fujimori had used unconstitutional means to change the political equation in Peru and almost no matter what the challenge is, this is not justified. There had to be a constitutional way to resolve Peru's difficulties, military juntas have never been an answer to Latin America's political and economic problems, and Fujimori should have continued to work within Peru's constitutional system. The American government came down in favor of the second policy. That is to say, he acted unconstitutionally and should not have. He should restore democratic processes and permit free elections as soon as possible.

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Q: I think this might be a good place to stop. We'll pick it up the next time where we'll talk about the advent of the Clinton administration the six months you were there. I would rather have more time to talk about it. Then we'll move on after that.

MORLEY: That's fine.

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Q: Today is September 8, 1997. Bob, in 1992, William Clinton is elected President of the United States. You on the NSC knew things were going to change. What was the feeling then as Clinton was coming on (and we're going to move into the transition)? Here is the belly of the beast as far as foreign policy is concerned about a man who has been Governor of Arkansas coming in. What emanations were you getting?

MORLEY: The Bush administration had left some unfinished business for the incoming administration. Among these were the confirmation of the NAFTA, the continuing saga of the Haitian military coup, the question of the "autogolpe" iPeru, relations with Argentina, and the ongoing problem of Cuba. We were quite concerned that, regardless of the abilities of the new people coming in, there would be some delays in bringing these issues to a successful conclusion. I think that was our major concern.

Q: Looking at the Latin American side, campaigns are always messy affairs and promises are made by candidates. Were any promises made for Cuban-Americans that you were kind of uncomfortable with on either side, but particularly on the Clinton side?

MORLEY: Well, not really. The main issues, it seemed to us, were not as well defined as they should have been by the incoming administration. There were differences of opinion within the Clinton campaign staff, his closest political advisors, on what to do on such things as Cuba and NAFTA. Certainly, we were concerned that decisions would be delayed, in part because the new President wanted to make his own decisions. You have to understand that there was a tremendous turnover on the National Security Council staff.

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When I reported for work during the week of the 19th of January 1993, there were 50-55 professional people working on the National Security Council staff. They were all Bush appointees. When I came to work on the 21st of January 1993, I think there were about eight holdovers. A lot of slots were unfilled and most of the rest were filled by new people who, at least for the time being, had to spend time on getting settled into their new jobs, figuring out how the system worked, and becoming familiar with the issues at hand. So, our major concern was delay more than anything else.

Q: I just had an interview last week with Phillip Hughes, who was Executive Secretary of the NSC during the first year of the Bush administration. He was mentioning that during that time, when events were happening quickly, the NSC was basically like everybody else in government, playing catch-up, that they were so busy with doing what they have to do that there is not much time for a sort of intellectual roundtabling and discussing what would happen if Germany unites or one of the issues. There were many other things - writing, clearing things, getting things done, just ordinary work rather than major issues. You had to get speeches and telegrams prepared, etc. Did you find you had much time to sit there and think about whither Cuba?

MORLEY: Certainly not for the first two months of the Clinton administration. On the morning of the 21st, I found myself alone in the Latin America office. In terms of the staffing, there was a new person coming on board named Richard Feinberg, who was a political appointee and had come from one of the think tanks in Washington. My colleague who had come from the Agency had left about a month before, so there was really nobody on board except me that could handle the day to day business of the office. Certainly I had little time to contemplate issues or really think through what was likely to happen under various scenarios relating to a given issue. The situation corrected itself as time went by. We became more fully staffed and the new people got their feet on the ground. But certainly for the first couple of months, I felt myself pretty beleaguered.

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*Q: Anthony Lake was the new National Security Advisor. With him on the team that came on board, how did they handle this initial period?*

MORLEY: I think that they did fairly well. Their focus was only on a couple of issues in the Latin America area, Haiti and Cuba. For the most part, their priorities were in Europe. They still had to address the question of the disintegration of the old Soviet Bloc and the reunification of Germany. There were a lot of outstanding issues left (the problems in former Yugoslavia and so on). I had a great deal of respect for Tony Lake. He was intellectually sound in his approaches to issues and seemed to be willing to take the time to think them through. On several issues, especially Haiti, Sandy Berger, his deputy, took the lead. It was not something that signaled that he was assuming responsibility for Latin America. Generally, it was that this was a front burner issue. Haiti was in the paper every day making headlines. Aristide was creating problems for us that needed to be addressed. So, he spent a lot of time on that. There was a quick division of labor, if you will, in the NSC front office, a division of labor that was essential under the circumstances and well-founded.

*Q: Before we turn to Haiti, am I right in assuming that NAFTA was off your radar more or less because this was taken over by the Trade Representative and the Congressional Relations? We're talking about the agreement with Mexico.*

MORLEY: Yes. President Clinton created a new entity within the White House. This was called the National Economic Council (NEC). The NEC was an organization that was entirely staffed by new people. They were assigned responsibility for economic policy across the board, not only trade issues. In other words, they not only monitored trade issues that were being handled operationally by the Office of the United States Trade Representative, but they also handled investment issues and any other economic issue. For example, civil aviation issues and that kind of thing. There was a serious debate within the Clinton administration as to whether NAFTA in the form that it had been negotiated by the Bush administration should be supported and whether confirmation should be sought



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for the agreement by the administration. This debate lasted about two months and then they went ahead with confirmation. There were some changes made in the agreement related to workers' rights. They were under heavy pressure from labor organizations in the United States who generally opposed the agreement. They were under heavy pressure from environmental organizations, which, while not necessarily opposed, were certainly ambivalent about the agreement. There was a question of where the Executive Secretariat of the NAFTA should be located and so on. These things were ironed out and the decision was made, I think, in April by the administration to go ahead and seek confirmation by the Senate of the North American Free Trade Agreement.

*Q: Did your office play any role in that debate?*

MORLEY: Yes, we did. Even though the National Economic Council had been created, Sandy Berger and Tony Lake did not want to surrender entirely the responsibility for this very high profile policy initiative. So, I continued to be responsible for ensuring that work on the NAFTA went forward and that a decision on whether to pursue confirmation was made promptly.

*Q: Did you find yourself in the position of getting solid information from our embassy and from our posts in Mexico on this? Much of the debate was, are the Mexicans up to it? Obviously, the best people to answer this would be our people on the ground. Did you find yourself playing that role?*

MORLEY: The debate on the NAFTA in both the Bush and the Clinton administrations centered not so much on whether the Mexicans were up to discharging their responsibilities under the agreement, but centered on domestic issues, whether in fact there would be a net export of American jobs to Mexico, whether the increased economic and industrial activity in Mexico implied by the agreement would mean that there would be more pollution (air, water), all these kinds of things that were of serious concern to certain groups within the United States. American firms, it was argued, had to spend a lot

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of money complying with minimum wage requirements, safety and health requirements, environmental requirements, that their Mexican counterparts did not have to spend. At least that was the argument. That made U.S. companies, in the view of some groups, less competitive than we otherwise would be. For this reason, labor specifically was concerned about a loss of jobs. In the event, that really didn't happen. I understand that there was some loss of jobs in certain areas, but gains in other areas. I remind you that we had perceived all along that the NAFTA's benefits to the United States would be less in the pure economic area and more in the political, foreign relations, national security, environmental, and other non-economic areas. We would argue that with certain labor safeguards, we would be supporting Labor's efforts in Mexico to improve their positions.

Q: Did you sense a difference in the reception of this environmental impact as opposed to economic impact? Was there a difference in how the Bush administration looked at it and the new Clinton administration looked at it?

MORLEY: No, I don't think that there was that much of a difference. The Bush administration had tried very hard to get this agreement nailed down before they went out of office. Even though, for the most part, people at the White House didn't think until the very end that George Bush would lose the election, nonetheless, they tried to get it nailed down. I didn't see major differences in the final outcome, although there was a debate. But Bill Clinton was the elected President. NAFTA was a very important issue. He and his administration needed time to decide how to address this issue.

Q: Turning to Haiti, there had been a political issue over the Haitian boat people, the refugees, and how we were handling it. As usual, I think, the Democrats were saying, being the party out of power, it could be done better and we were being inhumane to the Haitians. This was on TV every day. Now they're in power. Had promises been made concerning treatment of boat people that had to be met? How did this work out?

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MORLEY: The boat people were the most immediate problem facing the Clinton administration on January 20, 1993. There is no question about that. It was getting a lot of media attention, and was considered the most urgent challenge for the new Administration. There were those in the Clinton campaign who had promised that Haitian boat people would be given more humane treatment, that they would be allowed to come to the United States, that they were, for the most part, legitimate political and economic refugees, and that it was inhumane to turn them back. To the best of my knowledge, Bill Clinton had not taken a position on this issue, but certainly there was a strong sentiment in this direction within the Administration. One of the things that I had to do early on was to explain to the new team where we were and what the options appeared to be. I had a hard time doing this because I was a Bush holdover and I was considered to be less than objective by the new people. They really didn't understand the concept of a career government official working at the White House who served whoever happened to be the President of the United States, regardless of political party. I explained that if Haitian boat people thought they could get on a boat, be picked up by the Coast Guard and taken to Florida, this would encourage illegal immigration by Haitians. Neither the State of Florida nor the federal government was prepared to handle a mass influx of Haitians. This was different from the Cuban case, because the Cuban community in the US had a well-developed system for caring for refugees.

Further, we were reluctant to send Haitians because many were legitimate political refugees and others were likely to be ill-treated by the government for attempting to flee. In any case, we did not have an arrangement with the junta that would permit the return of refugees.

*Q: When you say you talked to people, who were you talking to in the White House?*

MORLEY: I was talking to my new boss, Richard Feinberg, to people in the White House who were working on press releases or writing speeches, and to those Berger had asked to work with him on this issue. I was also talking to people who were responsible for

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human rights in the new NSC staff. Policy is often first articulated in the form of public statements, public speeches, press releases, and that kind of thing. So, I had to be very careful to be included in any clearance process for any proposed public statements on Haiti. We did position papers for the President on the Haiti immigration problem. There was someone who came in who had been a former staffer on the Hill and had been assigned a special responsibility for Haiti working directly for Sandy Berger. I cannot recall his name, but worked closely with him.

Q: On this issue, talking to the people you were dealing with, including the congressional staffer, did you find that these were serious minded people who understood the issues? Sometimes what happens is, you have an issue and you have people who are so committed to a cause, particularly during an election campaign where they can sort of get away with it because they have no responsibility, and then they arrive at the WhiteHouse or the State Department and it's sort of the professionals saying "Well, this is all very fine, but..." and somebody who is committed... Did you have that?

MORLEY: They came in with preconceived ideas, but were relatively open-minded. In addition, we weren't alone in arguing our case. The governor of Florida and congressmen from the same state were making plain they could not handle hundreds of thousands of boat people. The new Administration decided not to return the boat people to Haiti, but put them in camps outside the United States, especially Guantanamo, and keep them there until a way could be found to return at least some to Haiti under humane and secure circumstances.

This was not a good solution, but I have to remind you that there was no good solution in the case of Haiti. As long as the military junta remained in power, people would attempt to leave Haiti. We couldn't accommodate them or at least couldn't accommodate all of them in the United States. Holding them in Guantanamo in camps was an interim solution that satisfied nobody. Returning them to Haiti without assurances and guarantees of their safety and security was opposed by almost everybody. Nobody really trusted the military

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junta to keep their word. Given their poor record on the human rights front, nobody felt certain that refugees being returned to Haiti essentially against their will would be returned to their homes and suffer no reprisals.

We saw only three options. We could try to return the refugees to Haiti, in most cases without their consent, or we could hold them someplace like Guantanamo, or we could just let them into the United States. At the time the Clinton administration took office none of these alternatives were really satisfactory. What had to be done first was to achieve a political settlement in Haiti.

*Q: In a way, everyone who was dealing with the problem had become unanimous that the junta had to go.*

MORLEY: That is correct. Everybody agreed that the junta had to go and there was no difference between the Bush and the Clinton administrations on this issue. The question was how to get them to go. A military option was considered not acceptable because it would probably result in US casualties. It could also strengthen the junta in Haiti because they would call on the Haitian people to resist yet another invasion by the United States in Haiti. We therefore continued the policy under Clinton that had been initiated under George Bush, which was A) to continue to deal with Aristide, B) to try to isolate the junta domestically and internationally, and C) to continue the embargo, which would hopefully bring pressure on the Haitian military junta to surrender power. As you said earlier, embargos seldom work and that is generally true from an economic point of view, but it was symbolic of our will to want to do something. We didn't have a lot of options.

*Q: Was there muttering in the corridors saying "Why can't the CIA work a coup or something like that" or had this by this time become such a no-no that one just didn't discuss that?*

MORLEY: To my knowledge, that was never a serious consideration. One possibility and the possibility that was most supported was Aristide's return. He was the elected

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president. He had still the remainder of his term to fill and so on and so forth. He had reasonable support in Haiti in spite of the fact that he had made some serious errors in the beginning of his administration. The other possibility was to call new elections, rewrite the constitution, and perhaps bring somebody different to power who would be acceptable to the majority of the people. Because of the heavy focus on getting the junta out of power, the easiest solution seemed to be to restore Aristide and that's became our goal. In this sense, Clinton also continued the policy of George Bush, but our commitment to restore Aristide was not without conditions. We were trying to get commitments from Aristide himself on human rights, economic policies and constitutional government that would make him more palatable to people both inside and outside of Haiti. He was not considered to be an ideal president for Haiti, but he was the elected president. If your commitment is to democracy, then your commitment has to be to the elected president even if you don't agree with some of his policies.

Q: What sort of information were you getting about the ongoing seminar between those in the United States who wanted Aristide to go back and Aristide himself? I take it there was an effort, at least in one way or another, to get Aristide to be more what we hoped would be a president fitted for Haiti. What I really mean to say is, how was Aristide developing... What was the information you were getting about Aristide? Was he becoming a different type of person as far as being President?

MORLEY: Aristide's position in exile was that he was the elected president and he should be restored to power, that if he had made mistakes, he would make every effort to correct them. He did make certain kinds of commitments on the human rights front, but by the time I left the National Security Council, which was in June of 1993, the situation had not yet been resolved. Aristide had not been restored to the presidency of Haiti. Therefore, he did not have to perform in terms of the commitments he had made on democracy, the economy, and human rights.

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*Q: Turning to Peru, was there anything going on in Peru during thiapproximately five months or so?*

MORLEY: Yes. We had a problem with Peru. Again, this was a holdover from the Bush administration. President Fujimori of Peru in 1992 had abolished the congress and had discarded the constitution of Peru and, with the support of the military, became the sole governing power in Peru. He did this because he said that the old constitution and the old congress were crippling his efforts to rebuild the economy, to deal with the terrorist problem in Peru, and to deal with the drug problem in Peru. He said that the old constitution was so written that congress had too much power and the president was unable to make quick progress on these issues. The Clinton administration, as did the Bush administration before it, considered that Fujimori had acted unconstitutionally. Obviously, he had, but there was no decision to try to remove Fujimori from power. Instead, our efforts were aimed at trying to get him to redraft the constitution and hold elections for Congress as early as possible. Toward this end, we had talks with Fujimori and other people in the Peruvian government. We were threatening to suspend assistance to Peru in the drug area and in the developmental assistance area if he did not make rapid progress on these issues. So, our goal was not to eliminate Fujimori, but rather to get him to accept that he had to keep the promises when he made when he conducted what we came to call the "autogolpe," to restore democracy as quickly as possible, and to have elections as quickly as possible. His preference, of course, was to use his new powers to deal with the terrorist groups and to deal with the drug problem before surrendering powers in the context of a new constitution and parliament. He noted that President Lincoln had assumed extraordinary powers during our Civil War.

The consensus in the White House was that Fujimori was making progress in the fight against insurgents and traffickers, but at a high cost in terms of individual liberties and constitutional processes. While we noted his progress in these difficult areas, we still pressed him very hard to restore democratic processes. He responded that constitutional

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government would be restored, but the immediate priority for Peru is to restore political and economic stability. To accomplish this, he said he had to defeat the challenges posed by insurgents, terrorists, and traffickers. He was able through surveys and other means to show that the Peruvian people supported his decisions, and that they were fed up with the seeming inability of the Peruvian government to address major crises. In this, he was probably right. I don't think that there was much doubt that he had a lot of support within Peru. I don't think there was much doubt that he was making progress in achieving the goals he had set for himself. We were simply concerned about that way he was doing it. It's easier for a government to accomplish things when it can act without the checks and balances normally associated with constitutional government.

Q: I guess always a major issue in the United States and Latin America was Cuba. Did you find any change during the five months you were there?

MORLEY: When Bill Clinton assumed the presidency, Cuba remained a major problem. The question was whether there should be any change in our Cuba policy. Clinton seemed determined on this and other issues not to be bound by precedent if that precedent in his view was not a correct policy course to follow. One of the things that the new administration wanted to do was to broaden its contacts within the Cuban community in the United States. They thought the Bush people had concentrated too much on CANF and other vocal anti-Castro groups. One of the first events at the White House that involved Cuban emigres was a reception that was not Cuba-specific, but to which Cuban-American leaders were normally invited. I recall very clearly that the decision was made not to invite people like Jorge Mas and the Cuban-American National Foundation's leadership. CANF was fervently anti-Castro, apparently too much so for the new team. The argument was that the Clinton administration's policy had not been established yet and they did not want to send Havana the wrong kinds of signals by inviting CANF to the reception. I and a number of others had opposed this decision. We argued that if the White House was going to invite Cubans to a social event, they should invite everyone, including



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CANF. If you exclude CANF, you are sending a signal to Havana. Subsequent events included CANF as well as representatives of other Cuban groups.

Q: Did you have the feeling that there was a certain amount of... Politically, the Cuban-American leadership of CANF, if I recall, was very strongly right-wing Republican. That group voted for Bush, as they had for Reagan. The Clinton administration came in not owing anything to them.

MORLEY: That is not quite true. During his campaign, Clinton made at least one visit to South Florida. He spoke out during that visit on Cuban issues. While he was a little bit ambivalent about what his policy was going to be, his presentations were designed to get Cuban-American votes for him. The outcome of the 1992 election was that, while Bill Clinton did not win a majority of Cuban-American votes, if you check the record, you will see that he probably did better than the democratic candidate in 1988. The Cuban-American community in the United States was a diverse group and probably always has been diverse. But as time went on, there developed groups within the community who opposed Castro's dictatorial government but still wanted to deal with Castro. They believed that Castro was likely to remain in power for the foreseeable future. The best way to improve the situation of Cubans in Cuba was to deal with Castro. These groups, by the time Clinton became President, were stronger and more articulate than before.

Nonetheless, the Cuban-American National Foundation was probably the single most important and articulate organization within the Cuban community. To exclude them from White House events was a mistake. By the time that the Cuban National Day came in July of 1993 and leaders of the Cuban community were invited to the White House, CANF people were represented. So, in effect, there was a shift in the policy of the Clinton administration to reach out to all elements of the Cuban community in the United States.

Other than that, it became clear after three or four months that there wasn't going to be much of a change in our policy toward Cuba. There were a number of reasons for

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this. First, Cuba wasn't that important; second, the Clinton administration had a lot more urgent issues on their platter than Cuba; third, any change in Cuba policy, either toward tougher policy or toward a more relaxed policy, would result in controversy and was likely to bring pressure on the White House to restore the equilibrium that had existed for several decades. Basically, I think the decision was made that, no matter what you did, it was going to be controversial in South Florida and other Cuban-American centers in the United States. Votes would be lost because you would be alienating some people. Cuba wasn't important enough to lose votes in the next presidential election, to put it bluntly.

Q: Do you have any idea of where the decision, this initial thing which caused a minor problem of excluding CANF, was made? Was it at the political appointment level?

MORLEY: Yes, that was made by the political appointees. This was something that was strongly supported by the new director of our office, Richard Feinberg. He told me when I went to talk to him that this was going to be the new policy, that they weren't going to deal with Jorge Mas, that things were going to change and people like Jorge Mas were going to find out that they were not going to have as easy access as they did under George Bush and Ronald Reagan. So, it was a deliberate political decision. Feinberg told me that this decision was certainly supported by the NSC leadership, including, I would assume, Sandy Berger and Tony Lake. As I said earlier, this decision was reversed by the time the administration was six months old.

Q: How did you find relations with the Department of State? Was there any particular change for you in the ARA relationship during this interim time?

MORLEY: No, not really. The new Assistant Secretary was a man named Alec Watson. He had been appointed by the Clinton administration. It became clear at the outset that he was concerned about the direction of White House policy in the area of Latin America under the leadership of Richard Feinberg. We talked a lot. I talked with him. I talked with his immediate staff, the Deputy Assistant Secretaries. I talked with people on the

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office director level. I felt that one of my major responsibilities at the time was to facilitate communication between the State Department's Latin America Bureau and the White House on issues involving Latin America. Gradually, my impression was (and this is based on a very short period of about five months) that the National Security Council Latin America Office under Feinberg became focused on just a few issues. One was Haiti. Another was the NAFTA. The third was Cuba. A lot of the day to day running of the affairs involving Latin America was left to the State Department. In other words, the NSC became less involved during the initial period. This may have changed in time. This may have been a function of Feinberg's unfamiliarity with how the government works and his desire to make progress on certain selected high priority issues, but that is, in effect, what happened.

*Q: What was Feinberg's background?*

MORLEY: He was a Ph.D. in political science and had been working in one of the think tanks, but I don't remember which one. He has since left the White House and has gone to California.

*Q: What about Alec Watson?*

MORLEY: Alex Watson has retired.

*Q: But he was a Foreign Service officer.*

MORLEY: He was a career Foreign Service officer who had served as Ambassador in a couple of Latin American countries.

*Q: I am going to be interviewing him later this month.*

How about Argentina, Brazil, Venezuela and drugs during the Clinton time?

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MORLEY: There was yet another coup attempt in February of 1993 in Venezuela, but again, in this case, the White House acted promptly with public statements and the crisis was dealt with in an effective way.

Q: When the coup attempt was made in Venezuela, we knew what we had done before. I don't want to use the term to diminish it, but was it pretty much a cut and dry thing that the Clinton administration was not going to take any more tolerant a view of coups than the Bush administration?

MORLEY: That is correct. The Clinton administration was very strong on democracy, very strong on human rights, and had taken the position that any threat to democracy had to be opposed effectively, using both unilateral, bilateral, and multilateral mechanisms wherever possible to assure that threats to democracy in the hemisphere were defeated. It didn't take very long. Within a very short period of time, the coup plotters were defeated and Carlos Andreas Perez the President of Venezuela, was once again secure in his position. But he was never popular. Within a very short period of time, Congress impeached Perez. He was removed from office and the Congress elected an interim President pending new elections in Venezuela.

*Q: Both in the Bush and in the Clinton administration, what was your estimate of the OAS and how did you deal with it?*

MORLEY: The Organization of American States was effective in certain areas. After the resolution in defense of democracy was passed at the Santiago General Assembly, they became even more effective, because their response to threats to democracy was a predictable one. The resolution called for an immediate meeting by the foreign ministers of the member states to deal with the problem and this happened in just about every case. The resolution called for member states to take appropriate action multilaterally and unilaterally in the case of threats to democracy. For the most part, this took the form of public statements by various presidents of the Latin American countries condemning any

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coup attempts or condemning any threats to democracy from the military or from any other source. In this area, it worked pretty well. In terms of Haiti, by the time the OAS responded (and they responded fairly quickly), the deed was done. Aristide was gone and he was out of Haiti. The junta was solidly in power. It wasn't clear to many of the governments of Latin America that the military junta's actions were unpopular within Haiti. So, by the time that the OAS was able to consider what actions to take and how to deal with the situation, the opportunity to act effectively was past. The junta was solidly in power. The OAS was most effective when there was a possibility of turning a situation around, before coup plotters had succeeded in overthrowing the government. With Haiti, eventually we had to get the United Nations involved. The United Nations Secretary General as well as the OAS Secretary General collaborated in efforts to deal with Haiti with very limited success.

Q: I'm not sure if it happened during your time or not, but there was a major Latin American and Americas meeting in Miami fairly early in the Clinton administration. Did that get started before you left?

MORLEY: No, that happened after I left the White House.

Q: Was there any concern on your part and with the State Department urging you to do something about getting Clinton up to speed on Latin American leaders and Latin American problems?

MORLEY: Yes. There was concern in this area. What I urged the State Department to do and what, I think, Alec Watson agreed to do and, in fact, did do was send over a series of policy papers at the very beginning of the Clinton administration on high profile issues like NAFTA, Haiti, and Cuba, narcotics, human rights, and so on. So, the burden was shifted back to the State Department to write these papers. They would be passed through my hands and Feinberg's hands and go forward to Tony Lake or to the President depending whether they were a presidential memorandum or an NSC memorandum. But, yes, there was concern that they get up to speed quickly. That concern was not only in the Latin

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America area, but in every other regional bureau in the State Department. So, for the first two or three months, the White House and the NSC were literally deluged with position papers, which is normal and which probably had the effect of bringing people up to speed.

*Q: How about speeches? Were there any speeches dealing with LatiAmerica that you were involved with during this time?*

MORLEY: No, I don't remember any key speeches. Most of the focus othe administration was on Europe and that kind of thing.

*Q: In June of 1993, you left the NSC. Whither?*

MORLEY: I went from the NSC to Caracas, where I became deputy chieof mission.

*Q: You were in Caracas from 1993 to when?*

MORLEY: I was in Caracas from 1993 until June of 1995.

*Q: How did you get that position?*

MORLEY: I was one of a short list produced by the Latin America Bureau for the position. There were consultations between me and the Department of State. I lunched a couple of lunches with Jeff Davidow, who had been designated to replace Ambassador Skol. Traditionally, the Ambassador has the final say on who will be his new DCM. He decided on me, maybe because he was impressed, but more likely because I was ARA's choice and he didn't have a strong preference for another candidate.

*Q: So, you arrived in Caracas when?*

MORLEY: In July of 1993. The ambassador then was Mike Skol. He and I overlapped for two to three weeks and then I was left as charg# d'affaires until Jeff Davidow arrived. I think that was the end of September or the beginning of October.

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Q: You have already alluded to the fact that, of the Latin American countries, Venezuela was a problem from time to time because of attempted coups. You were fairly familiar with the Venezuelan situation.

MORLEY: Yes, I was fairly familiar with the Venezuelan situation. I had served there earlier, from 1976-1979. Then, of course, Venezuela kept popping up on our screen as the result of two attempted coups in 1992 and 1993.

*Q: When you arrived there, could you describe the political and economic situation in Venezuela as you saw it?*

MORLEY: Yes. At the time that I arrived, President Carlos Andreas Peres had been impeached by the congress and was awaiting trial. He was, in effect, isolated from political developments in Venezuela. There was an interim President who was basically an academician, well respected and a member of Congress, but who lacked a strong political base. We dealt with him because he was the President as a result of a constitutional process. He had been selected by the Congress. He was simply to take care of the business of the President until such time as elections could be held. They were held that fall. Rafael Caldera was elected. In Venezuela, there was a lot of dissatisfaction. Carlos Andreas Perez had embarked on an ambitious economic reform program designed to encourage foreign investment and to reduce Venezuela's dependence on oil revenue. Traditionally, since essentially about 1922 or 1923, Venezuela had been a major exporter of oil to the world markets, especially to the United States. We were dependent on oil imports from Venezuela, especially along the east coast and especially in terms of heavy fuel oil for the furnaces in New England, as we used to say. New England furnaces ran on Venezuelan oil. The revenue from the sale of petroleum products abroad constituted by far the most important single source of income in the Venezuelan state. Oil being a commodity, there were times when the price of oil was very high and the Venezuelan economy prospered. The government was able to afford certain kinds of social programs and support a tremendous expansion of the public sector to include things like steel

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mills, aluminum mills, and power plants, and so on. When oil revenue went down, the budget became strained and the GOV had trouble financing all of these programs. So, they would borrow abroad. Their credit had been traditionally good because, sooner or later, the price of oil would go up and they would have the wherewithal to pay off these debts. Perez was trying to change this equation. He felt that the future of Venezuela lay not in dependence on oil revenue, but in diversification. He tried to sell off unprofitable public sector enterprises and to encourage foreign investment, to diversify, and make Venezuela an exporter to world markets of something other than petroleum. The initial effect of this program had been, as it often is, an increase in unemployment, higher prices, a deterioration in the balance of payments as import restrictions were loosened up, and so on. The Venezuelan people were simply not used to that. For generations, they had lived on oil revenue. Carlos Andreas Perez was disturbing an equilibrium that they were very comfortable with. In addition, he was perceived as being corrupt, and as permitting corruption within government to go unpunished.

So he was unpopular when I arrived, and had been impeached. An interim President was in office, but most people were waiting for Rafael Caldera to assume office and straighten things out. He had been President during the early seventies. He was immensely popular because during his earlier incumbency as President, he had successfully undertaken public works like the autopistas, schools, transportation, education, all sorts of public works programs that were still considered to be landmarks in terms of the economic, political, and social development of Venezuela. So, he was the grand old man of Venezuelan politics. He won the election that fall in the expectation that he would turn things around, bring Venezuela back to a state of prosperity and equilibrium.

Q: What was the reading when you arrived there as far as from your Economic Section and also from Washington about whither Venezuela as far as maybe it wasn't done correctly? It would sound like the sort of thing that Peres had been pushing would be the sort of thing that we would agree with.



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MORLEY: It was the sort of thing that we would agree with. It was unfortunate that he didn't get more popular support. He was probably moving too quickly for the political system to stand. Our major concern the summer that I arrived in Caracas was that the Venezuelan government was drifting, that there was a lack of strong leadership within the government, that Venezuela's constitution called for a strong presidency and there wasn't one. Certainly, the constitutional checks and balances were very much in favor of the President.

Here we had probably six months of almost drifting where the interim President was charged with taking care of the day to day business, but did not have the mandate to embark in any new initiative. So, none of the serious problems of Venezuela were addressed. We didn't know where they were going to go with the reform program. We were afraid that if Rafael Caldera were elected, he would undo a lot of the good progress that Perez had made. His previous record as President in the early 1970s reflected statist kinds of ideas where the government should get involved in major economic activities and have a strong hand in promoting development through the public sector. This was the time when a lot of the major public sector enterprises were conceived. He was the one who was credited with the establishment of PDVSA, the public sector petroleum enterprise that produced, refined, marketed, and exported crude and product from Venezuela.

Q: What about the technocrats of Venezuela? One thinks today of the technocrats of Chile who basically were U.S.-educated. They were known as the "Chicago boys" because many of them came out of the University of Chicago monetary policy. Were the technocrats of Venezuela coming out of the United States, the business and other schools? What was the thrust? Statism had lost by the 1993 period much of its gloss. Were things changing? Were we playing a role?

MORLEY: The administration of Carlos Andreas Perez was perceived as relying too much on technocrats in key positions in the national bank, the petroleum industry, the Ministry of Finance, and so on. Perez was often criticized for relying too much on these people

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and not enough on the political experts who had a better handle on how rapid a pace Venezuela would tolerate in terms of economic reform. Sure, there were technocrats. Sure, they had a strong influence on Carlos Andreas Perez. But to a man like Rafael Caldera, it seemed as though a lot of what had gone wrong in Venezuela under Carlos Andreas Peres could be laid at the doorstep of these technocrats, who had undue influence over the course of events in Venezuela. So, we were afraid that his normal predilection for statist intervention would be strengthened by his conviction that these people had really screwed up, and that the Venezuelan people had suffered as a result.

*Q: Who was the ambassador when you came in?*

MORLEY: The Ambassador when I arrived was Michael Skol, but he was on his way out. The new ambassador-designate Jeff Davidow.

*Q: What was his background?*

MORLEY: He was a career diplomat.. Most of his time had been divided between Africa and Latin America. He had served as DCM in Venezuela during the 1985-1987 period. He had served as Ambassador in Africa. He had also served as senior Deputy Assistant Secretary in the Bureau of African Affairs in the Department of State.

*Q: Both when you were Charge and when he arrived, how did you finrelations with the Venezuelan government during this interim period?*

MORLEY: They were very good. I probably had better access to the interim President of Venezuela than I had ever had with any president of any country that I can remember. Certainly, I guess, while I was Charge in Ecuador, I had fairly good access to the President, but when I was charge in Venezuela, I had easy access. I could pick up the phone and talk to him most anytime I wanted. The problem with that is, you couldn't accomplish much because he didn't have the power to do anything. He could deal with immediate problems. He could deal with operational things. But lobbying or making

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representations to him on major policy issues were often not effective. He simply didn't have the power to make decisions. He didn't have the political base.

Q: Did you and Davidow start working on the President to be or the President presumptive? Did we have anything other than just wanting to see that they didn't have any more coups? Did we have a policy?

MORLEY: As soon as Ambassador Davidow got to Venezuela he called on all of the major candidates. There were three or four of them. We did not place undue emphasis on any single candidate because we didn't want to give the impression to the Venezuelan public that the United States government was favoring this candidate against the other candidate and thus be open to accusations that we were interfering in the electoral process. Our public statements were that we supported the process, that we were neutral in terms of the outcome of the elections, that we would support whoever was elected, and that we hoped that whoever was elected, the Venezuelan government would continue its traditional good relations with the United States. Pretty bland stuff. There was an occasional reference to hope that the government would continue on its course of economic reform, but this was not a strong element of our position as it was publicly articulated. Privately, we assumed Caldera would be elected. We hoped he would continue the economic reform programs, but most of all we hoped he would bring the military under control and strengthen democracy in Venezuela. We were convinced that he was the only one that had the political credibility to restore stability to Venezuela.

*Q: How did things play out during this 1993-1995 period from your perspective, the new administration, and our concerns?*

MORLEY: Caldera was elected. He immediately instituted a number of initiatives that were designed to address the problems that made the Venezuelan public unhappy. He instituted exchange and price controls. He also promised the Venezuelan people that their interests would be taken as the highest priority. He signaled that there would be a period

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where he would digest what had happened and decide what elements, if any, of the reform program to pursue. In effect, however, he didn't continue the reforms. The result was inflation, a run on the Bolivar, and a decline in foreign exchange reserves. At the beginning of Caldera's administration Venezuela had between 12 and 13 billion dollars in reserves. Within seven or eight months, the reserves had declined to about seven billion dollars worth of reserves, of which a lot was gold and not really useable for paying Venezuela's obligations. They had a billion or two billion dollars in reserves that could actually be drawn upon on short notice. This caused a major crisis and the government responded by tighter controls on currency exchanges. The result was bureaucratic chaos. The rules and regulations had been drawn up hastily and weren't clear. There were any number of ways that people could get around the restrictions. A black market in currencies developed. The economic situation deteriorated. Caldera's efforts to deal with the financial crisis had failed. Eventually, what happened was that he had to reverse some of his policies. The Bolivar became freely exchangeable at a floating rate and was quickly devalued. When I got there, it was about 65 Bolivars to the dollar. It quickly went down to 270 or 280 to the dollar, practically overnight. With the lifting of price controls, the shock on the economy was tremendous. In the first year after the lifting of price controls, the black market disappeared. The consumer price index as measured in Venezuela went up by something like 45 or 50 percent. At the same time, people on Venezuela's social security system and other pensions suffered greatly because suddenly a 3,000 Bolivar monthly pension was worth little. So, there were a lot of complaints. Caldera's performance was a disappointment to many.

*Q: We were just basically observers to this?*

MORLEY: After the inauguration of President Caldera, we made any number of representations to him. We thought that his policy was not the correct one. We pointed out that foreign exchange controls meant to the foreign investor that he couldn't get his profits out of Venezuela, so there wasn't much point in him investing in Venezuela. So, foreign exchange controls meant that foreign investment in Venezuela would wither. We pointed

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out that price controls meant there were going to be shortages and a black market would develop very quickly. That, in effect, is what happened. We pointed out that the longer that he pursued these policies, the more likely there was going to be a big shock to the economy when the inevitable happened and he had to abandon these policies.

None of these points were made in public. We did not get into any kind of a public dispute with the government of Venezuela, but we called on the Minister of Finance, the Minister of Petroleum, the central bank head, and the President himself and tried to make these points as effectively as we could. But Caldera stuck to his guns until circumstances forced him to change.

*Q: Were we watching the Venezuelan military as this unraveled?*

MORLEY: Oh, yes. I remember during the time Caldera was in office, we kept a close watch on the military. Ambassador Davidow or I would go over and call on senior officers and keep in touch with their thinking. These were valuable conversations, because the Venezuelan military were not shy about articulating their opinions. One time, I remember, we had had a prominent visitor from Washington who wanted to call on the military. I forget what his precise business was. We went over to the headquarters building in Caracas. It was during the first year of the Caldera presidency and the economy was floundering. We discussed the internal situation in Venezuela. Our interlocutor, the Chief of the Joint Command, expressed concern. He said the military considered themselves responsible for safeguarding the nation of Venezuela. If things go wrong, they had an obligation to take action. I asked what he meant. He digressed and didn't say anything specifically. I went on to reiterated the position of the US: we supported democratic processes in Venezuela and expected the military to do the same.

I reported this conversation to Washington. Shortly thereafter, the Venezuelan military official went to Washington on a previously scheduled visit at the invitation of the then Chairman of the Joint Chiefs of Staff of the United States. He spent a lot of his time

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explaining what he meant in his comment to me. He didn't deny the substance of the comment, but he tried very hard to explain it away. In effect, I think that his comment during my call on him in his office had the effect of bringing the Venezuelan military up short, not only because of my reaction, but because of the priority that his interlocutors in Washington assigned to this issue during his visit there.

Q: That is very interesting. During the 1993-1995 period, was there terrorism and drug problems in Venezuela?

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MORLEY: There wasn't much of a terrorist problem and there wasn't much of a narcotics problem, no. There was some drug cultivation and abuse, but it was not considered a major problem.

*Q: What about American business there? You've mentioned all the effects on it. Did you get involved in helping American business?*

MORLEY: Yes, we got involved in promoting and support the interests in U.S. business. Jeff Davidow, our ambassador to Venezuela, and his predecessor, Mike Skol, were very active on this front. A major investment in Venezuela that had taken place before I got there was GTE's purchase of 49% of the outstanding shares of CANTV, which was the national telephone company in Venezuela. Although they owned only 49% of the stock, the agreement called for GTE to be manager of the enterprise. This had happened during the time when Perez was President of Venezuela. Because it was such a large investment by an American company, it was very closely watched. Bruce Hadad, who was the head man for GTE in Venezuela, was careful to keep us informed on what was developing because he recognized the precedent that everything he did set for other investors coming to Venezuela.

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I've got to say that he was treated very badly. At one point, he embarked on what any corporate manager would do - cost cutting kinds of things, trying to invest in improvements in service. GTE had badly underestimated the amount of money it was going to take to bring CANTV services, especially its residential service, up to snuff. The telephone system was terrible. Initially at least, the public perception of what GTE and Hadad were doing was raising the cost of service and initiating layoffs with no real improvement in service. These were the short-term effects. So, GTE and Hadad quickly got a bad name among the Venezuelan public. In fact, a warrant was issued for his arrest at one point. He had to flee the country to avoid imprisonment.

This discouraged foreign investment in Venezuela. American businessmen contemplating an investment in Venezuela were turned off by GTE's experience. It set very poor precedent. Part of the problem was probably Hadad himself. His Spanish was terrible. When he went to talk to Venezuelan press or testify before the Venezuelan congress, he didn't do very well because he didn't speak Spanish. He was just acting like the typical very successful American corporate leader. You cut costs. You raised prices. You made decisions that were supposed to make the system more cost effective and efficient, but that didn't go down well. We tried to act as a bridge between Hadad and the government of Venezuela, explaining how the GTE investment was good not only for Venezuela's telephone system, but that he should be treated with respect the investment should be treated in a positive manner because of the demonstration effects on potential other investors. It didn't work. By the time I left, I think there had been a net decrease in investment, in part due to GTE's experience and in part due to the policies as perceived by American investors that were being pursued by Rafael Caldera.

*Q: Were there any problems during the time you were there with the reception of Venezuela oil in the United States?*

MORLEY: No, this was never a problem. Venezuela had a good, traditional market. They had always had a good market. The major consumer of Venezuelan oil products had

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always been the United States. Even during the period of the oil embargo in the 1970s, Venezuela did not join other OPEC countries in embargoing oil shipments to the United States. In fact, it increased its shipments. So, there was never a problem.

*Q: Did you get involved in the perennial border dispute tha Venezuela has with Guyana?*

MORLEY: Venezuela had border disputes both with Colombia and Guyana. None of these were treated as hot issues during the time I was there.

*Q: Were there any other issues that we should discuss about Venezuela?*

MORLEY: No, I don't think so.

*Q: You left Venezuela at a time when Venezuela wasn't looking to good as far as wither Venezuela.*

MORLEY: That is correct. I follow Venezuelan now. It still doesn't look very good. Their exchange rate is now around 470 bolivars to the dollar. Their inflation rate is between 30-40% a year and real interest rates are negative. There is still a lot of discontent. There have been no challenges that I am aware of to Caldera's authority like there were to Perez' authority. Most people believe and did believe while I was there that, regardless of anything else you may say about Caldera, he is honest and he has the best interests of the Venezuelan people at heart. A lot of people doubted that Perez was in the same category.

*Q: Why don't we stop at this point? This has been great.*

MORLEY: Fine.

End of interview